www.employeebenefits.co.uk

April 2015 | £6.95

employee benefits

ALIGNING REWARD WITH BUSINESS STRATEGY

NEED FOR SHELTER

Organisations should have cover in place to mitigate benefits-related risks

On the right track?
Data can help employers target health initiatives

Well financed
Bibby Financial Services aims high on perks

Taxing concept
Get to grips with benefits tax breaks

eVouchers now available to order online

3 THINGS YOU DIDN'T KNOW ABOUT SUSAN ON RECEPTION:

1) SHE HAS A CRUSH ON JOHN IN ACCOUNTS

2) SHE WAS A BACKING DANCER FOR ALL-GIRL RAP GROUP SALT 'N' PEPA

3) SHE'D REALLY LIKE CORPORATE EYECARE BENEFITS

Corporate eyecare is an important employee benefit, as well as a legal responsibility. So it shouldn't surprise you that in a recent survey, the majority of employees considered it a valuable addition to their benefits package.

With the brand new online vouchers from Specsavers, we believe the best value corporate eyecare scheme is now the easiest too. They still start from just £17 for a full eye test, a pair of VDU glasses (if required specifically and solely for VDU use) worth up to £45, and retinal screening for the over-40s or when recommended by your optometrist.

But now you can simply order and pay for eVouchers online and email them direct to your staff, saving you all time and paperwork. What's more, you'll automatically get detailed feedback on whoever's redeemed an eVoucher, such as their retest dates and VDU requirements, at no extra charge.

Not only that but your staff can still save £20 on their own glasses purchases, too.

To find out more, call 0115 933 0800, email uk.corporateeyecare@specsavers.com or visit us at specsavers.co.uk/corporate

Specsavers®

Source: Research carried out among 270 companies Jan 2011. ©2013 Specsavers. All rights reserved.

IN THIS ISSUE

Briefing 05

Tax and legislation 06

Employee Benefits Awards 09

Interactive 10

The big question 11

Healthcare case studies 13

Cover story 16

Employers should protect themselves against benefits-related risk

Motivation 21

How to motivate employees during the summer months

Healthcare 24

Accurate data is key to tracking the progress of healthcare benefits

International 29

Cost control is driving new trends in international private medical insurance

Pensions 31

A pensions governance policy should be reviewed to ensure it remains relevant

Employer profile 34

Bibby Financial Services bolsters flex plan to boost staff retention

Tax-efficient benefits report 37

- Guide to benefits tax breaks
- Changes to childcare schemes

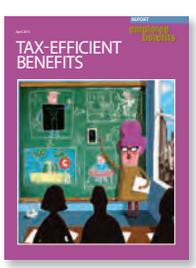
Buyer's guides 47

- Corporate eyecare
- Contract-based DC pensions

Confessions 50

Contact directory 51

Key service providers



Report:
Tax-efficient benefits

LEADER

Employee benefits can be a risky business

Benefits can be used to help employers tackle a whole host of organisational risks, from sickness absence levels to talent management and succession planning.

But in doing so, benefits themselves can pose a variety of risks to an organisation. Company cars, for example, can be the cause of multiple risks to employee health and safety if appropriate controls and measures are not put in place to manage them.

As long as employers are aware of the possible risks that benefits could pose, however, there are numerous measures that can be put in place to ensure these do not become problematic for their organisation (read more in *Protective measures* on page 16).

One area in which it can be all too easy for employers to inadvertently fall foul of their regulatory requirements is benefits tax and legislation. The seemingly never-ending stream of changes to tax and legislation rules can make keeping up to date feel like a full-time job for organisations at times.

It is not all bad news. The plethora of tax efficiencies available can be advantageous for employers and employees

But it is not all bad news. The plethora of tax and national insurance efficiencies available can be advantageous for employers and employees. This is why we have compiled a guide to benefits tax as part of our report on tax-efficient benefits (see *Top of the class on benefits tax* on page 38).

One of the biggest changes to tax-efficient benefits this year will take effect in autumn, when childcare vouchers will be replaced by the government's new tax-free childcare scheme. Employees who are already signed up to a childcare voucher scheme before this time will be able to continue to use it for as long as their employer offers it. However, in the future this will no longer be an option for staff looking to take up the vouchers (see *A family affair* on page 43).

Such changes are driving a number of employers to think more innovatively about their benefits offering. This was evident at the Employee Benefits Awards judging, which took place in March. As always, we saw numerous examples of creativity, innovation and best practice on display. See the full list of Employee Benefits Awards 2015 finalists at *www.employeebenefitsawards.co.uk*.

Big congratulations are due to all of our finalists. The standard of entries was extremely high, and our panel of judges had an exceedingly tough job selecting the employers that made our shortlist. winners will be announced on 12 June at the 13th Employee Benefits Awards. I hope to see you there!

Debbie Lovewell-Tuck, *Editor*
Follow on Twitter: @DebbieLovewell

Editor Debbie Lovewell-Tuck debbie.lovewell-tuck@centaur.co.uk **Associate editor** Clare Bettelley clare.bettelley@centaur.co.uk **Features editor**Tynan Barton tynan.barton@centaur.co.uk **Reporters** Robert Crawford robert.crawford@centaur.co.uk, Marianne Calnan marianne.calnan@centaur.co.uk **Contributor** Sam Barrett **Senior art editor** Phil Gibson, philip.gibson@centaur.co.uk **Sub editor** Andrea Harper **Commercial manager** David D'Souza david.dsouza@centaur.co.uk **Business development manager** Barry Davidson barry.davidson@centaur.co.uk **Account manager** Luke Roberts luke.roberts@centaur.co.uk **Event director** Juliette Losardo juliette.losardo@centaur.co.uk **Account manager** Richard York richard.york@centaur.co.uk **Centaur HR portfolio director** Beth Pedersen beth.pedersen@centaur.co.uk **PA to directors** Alice Gerard-Pearse alice.gerard-pearse @centaur.co.uk **Group marketing manager** Rochelle Jayawardena **Production** Andrea Harper, Wendy Goodbun eb.production@centaur.co.uk **Cover photo** Jacko

Employee Benefits
Wells Point, 79 Wells Street, London W1T 3QN
Tel 020 7970 4000
Fax 020 7943 8094

Subscriptions 020 7292 3719
Editorial queries/press releases email
eb.editorial@centaur.co.uk
Web www.employeebenefits.co.uk

Social media

twitter

Follow us on Twitter.com for breaking news: **twitter.com/employeebenefit**

LinkedIn

Join our Linkedin group by searching **EmployeeBenefits**

JOIN OUR EXCLUSIVE CORPORATE NETWORK

The FEM Corporate Network is a valuable member only service aimed exclusively at corporate employees with global assignee programs. It provides an opportunity to develop and meet with peers from leading corporate organisations and global mobility professionals to discuss the latest industry trends; such as assignee satisfaction, best practice, vendor performance and value for money services.

WHAT'S THE PACKAGE?

- Corporate only meetings in London and New York*
- Annual lunch*
- 4 exclusive FEM webinars
- Private members forum on **Forum-expat-management.com** to discuss topics with other members and experts in the expatriate management industry
- Monthly Q&A sessions with our editor

* If there are 15+ members in a region, we will organise a Corporate Meeting and an annual lunch

DON'T MISS THIS OPPORTUNITY TO NETWORK WITH YOUR PEERS!

Visit **www.forum-expat-management.com** and find out about the full Corporate Network package

FORUM FOR EXPATRIATE MANAGEMENT

If you have any questions about Corporate Network please contact Iyla MacIntyre on **020 7943 8027**

HEALTH AND WELLBEING

Vodafone leads on maternity

Robert Crawford

Vodafone has became one of the first global employers to harmonise its maternity leave policy globally and offer new mothers equal minimum rights across its business.

With effect from last month, the telecommunications group will offer staff 16 weeks' fully paid maternity leave to help retain talented and experienced female staff.

New mothers will also receive full pay for working a reduced 30-hour week for the first six months after they return to work.

The policy, which aims to help female employees in countries where there is little or no legislative requirement to provide maternity support, will be rolled out across the organisation's 30 operating divisions in Africa, the Middle East, the Asia-Pacific region, Europe and the US.

Vodafone is addressing an issue that is prevalent across business: that many women do not return to work after maternity leave, or find it difficult to return to the workplace because of poor return-to-work policies that recognise and support the changes resulting from the birth or adoption of a baby.

A Vodafone spokesperson said: "These maternity benefits are intended to give women time to recover from pregnancy and childbirth, bond with their babies and manage the challenges that come with returning to work after maternity leave."

Ben Black, director of workplace family benefits provider My Family Care, added: "Retaining and recruiting talented women is a business imperative, and in one fell swoop Vodafone has made itself sound a whole lot more family friendly in the eyes of the world."

Analysis conducted by Vodafone with the help of KPMG found that global employers could save up to an estimated $19bn (£12.9bn) annually by offering their staff 16 weeks' fully paid maternity leave and better return-to-work schemes for new mothers.

@ @ Read a longer version of this story at *bit.ly/1diyUOC*

BETTELLEY'S BROODING

Follow Clare Bettelley on Twitter: @ClareBenefits

Maternity policies are key to retain a diverse workforce

Clare Bettelley

A gender-diverse workforce enables employers to generate different viewpoints, ideas and market insights and, consequently, serve an increasingly diverse customer base, according to *The business benefits of gender diversity study*, conducted by Gallup and published in January 2014.

The study also found that gender-diverse divisions report better financial outcomes than those dominated by one gender. This is why workplace benefits, such as paid maternity leave, are crucial for employers that want to retain skilled female staff.

A number of employers offer attractive maternity packages, combining fully paid maternity leave and return-to-work coaching and bonuses, because they recognise the importance of retaining their female talent.

Vodafone is currently leading the way with its global maternity policy, which offers female staff 16 weeks' fully paid leave, plus full pay for working a reduced 30-hour week for the first six months when they return to work.

Maternity policies need not cost the earth. For organisations with a limited benefits budget, a discretionary approach with line managers offering flexible working hours, a mutually agreeable level of contact while they are on leave together with a supported return-to-work programme could be enough to help retain some mothers in work.

And let us not forget fathers, who should be treated equally, as part of a working parents policy, hence the government's new rules for shared parental leave.

TOP 15 MOST VISITED STORIES ON THE WEB

1. **Employee Benefits Connect 2015 speaker slides** *bit.ly/1ElHpED*
2. **JP Morgan extends benefits to employees' parents** *bit.ly/1vVSfP9*
3. **Sky outsources benefits admin to focus on strategy** *bit.ly/1JGNHlq*
4. **IBM staff can claim damages against DB closure** *bit.ly/1FrVsoM*
5. **DWP begins Fit for Work national roll-out** *bit.ly/1CZPrTf*
6. **How to create an integrated financial wellbeing strategy** *bit.ly/1Lytytq*
7. **Carlsberg UK revamps employee benefits package** *bit.ly/1B5qmjj*
8. **End-of-year bonus paid in pigs** *bit.ly/1v4H6uu*
9. **Top tips on how to choose an online benefits portal** *bit.ly/1L58Djk*
10. **Google's best-paid jobs** *bit.ly/1Ewlwiv*
11. **Amey recognition scheme boosts corporate values** *bit.ly/1zxXAqn*
12. **Key questions employers need to ask ahead of April's pension changes** *bit.ly/1KLH9me*
13. **Co-operative employees to vote on 8.5% pay rise proposal** *bit.ly/1GrdVCx*
14. **Wolseley UK to introduce mobile technology for flex** *bit.ly/1DYLYIF*
15. **Facebook plans to build town for staff** *bit.ly/1BSYsKI*

Ranked by number of page impressions between 9 February and 13 March.

The latest information on legislation and tax issues affecting employee benefits, including the impact of the Budget announcement, changes taking effect from April and the *IBM UK Holdings* case

BUDGET 2015

Budget impact on benefits

Robert Crawford

Chancellor George Osborne announced the Budget on 18 March 2015. Here is a round-up of key announcements impacting benefits:

- The personal tax allowance will be increased to £10,800 from April 2016, and to £11,000 from April 2017: *bit.ly/1xygluv*

- Company car tax rates for ultra-low-emission cars will increase more slowly from 2019–20: *bit.ly/1xf2LBI*

- The fuel duty increase planned for 1 September 2015 will now be cancelled: *bit.ly/1xf2LBI*

- The Budget confirmed that the national minimum wage will rise to £6.70 in October 2015: *bit.ly/1O6ERgD*

- The government's Pension Wise service is set to receive an additional £19.5m worth of funding: *bit.ly/1DANHA8*

- The point at which higher-rate taxpayers must start to pay 40% tax will increase. This will take the higher-rate tax threshold to £43,300 by 2017–18: *bit.ly/1AFIMaS*

- From 6 April 2015, an income tax exemption for payments made for advice on transfers out of defined benefit (DB) schemes to defined contribution (DC) pension schemes will be introduced: *bit.ly/19zTd9D*

- From April 2016, the pension freedoms will be further extended to remove the restrictions on buying and selling annuities: *bit.ly/1H2cUo6*

- From April 2016, the pensions lifetime allowance limit will reduce from £1.25m to £1m. From 2018, the limit will be index-linked and adjusted according to inflation: *bit.ly/1Ew4hPo*

- A statutory framework for voluntary payrolling and exempt certain reimbursed workplace expenses will be introduced.

- From April 2016, the government will remove the £8,500 threshold below which workers do not pay income tax on certain employee benefits in kind: *bit.ly/1AJbMi5*

@ Read more on the Budget changes at: *bit.ly/1eudSLa*

COMPLIANCE

Changes taking effect from April 2015

From 6 April 2015, a number of changes to employee benefits are coming into effect. These include:

- Pension reforms announced at Budget 2014 including: greater flexibilities around how members can take pension savings, DB to DC transfers and the guidance guarantee. *bit.ly/1I1qiGV*

- Trivial benefit: spends of up to £50 on items such as employees' gifts will be tax free to employers.

- The £8,500 P11D earnings threshold will be removed.

- Employees in defined contribution pension schemes who die before age 75 will be able to pass on their pension to their beneficiaries tax free: *bit.ly/1BdHNTD*

- The UK tax treatment of share option gains by internationally mobile employees will change. *bit.ly/1BBtoeR*

- Personal tax allownce: The basic allowance of £10,000 will rise to £10,600. *bit.ly/1FANpZt*

ISTOCK

ADVICE FROM THE EXPERTS

Andrew Powell is a consultant in the pensions practice at Squire Patton Boggs

IBM case offers insight for pensions admin

The case of *IBM UK Holdings and another v Dalgleish and others* has revisited the issue of an employer's duty of good faith towards its employees.

The remedies judgment handed down on 20 February provides some important insight for those working in HR and pensions administration.

The original High Court ruling found that IBM had breached the contractual duty of trust and confidence when it undertook a statutory employment consultation process in relation to changes to a defined benefit (DB) pension scheme.

The ruling found that IBM had not given members a clear explanation of why it was making those changes to its pension scheme and that it had deliberately misled employees in order to preserve its negotiating position.

Under particular scrutiny in this subsequent remedies hearing was the interplay between contractual changes and its effect on the pensions trusts. Employees agreed to certain changes to their employment terms and conditions in relation to their pension.

In effect, IBM has, therefore, paid for salary increases and will now have to pay for retroactive pension contributions on those increased salaries.

Any employee that retired early as a result of the new policy was entitled to damages and members were also entitled to damages over the closure of future accrual of benefits.

@ To read more advice from legal experts, go to: *bit.ly/RYrvb6*

ENGAGE YOUR EMPLOYEES, STRENGTHEN YOUR BUSINESS

Want the latest facts about employee engagement? Get fresh insights to help boost staff loyalty and drive performance

More than one in three employers are worried about talent shortages in the next 12 months*. That makes employee engagement more important than ever to your business. Our new 'Employee Benefits Trends Study' gives you simple, effective ways to increase engagement and improve productivity. And now's the time to take action.

For your exclusive copy of our new study:
Call **0845 603 8899**, or email **ebmarketing@metlife.com**

ENTER A MORE CERTAIN WORLD

MetLife®

Follow us @UK_MetLife

*Research conducted from a sample of 300 employers and 301 employees in the UK, 2014. Products and services are offered by MetLife Europe Limited which is an affiliate of MetLife, Inc. and operates under the "MetLife" brand. MetLife Europe Limited is authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request. Registered address: 20 on Hatch, Lower Hatch Street, Dublin 2, Ireland. Registration number 415123. UK branch address: One Canada Square, Canary Wharf, London E14 5AA. Branch registration number BR008866. www.metlife.co.uk ©2015PNTS COMP 1771.1.MAR2015

“

WE ARE DELIGHTED TO HAVE RECEIVED AN AWARD AND ARE REALLY APPRECIATIVE OF THE RECOGNITION FROM EMPLOYEE BENEFITS

JILL CUNNISON
SENIOR MANAGER HR OPERATIONS
CAPITAL ONE

WINNER 2014

BEST STAFF TRAVEL POLICY

THE BEST WILL BE THERE, WILL YOU?

The shortlist for this year's Employee Benefits Awards has been announced.

Plus, there's still time to treat your team and book a table for the Summer Party of the year.

Taking place at The Artillery Garden at the HAC, London on 12th June 2015.

VIEW THE SHORTLIST ONLINE TODAY

employee benefits Awards & Summer Party 2015

IN ASSOCIATION WITH MERCER

BOOK TODAY AT

employeebenefitsawards.co.uk

Table Booking Enquiries
Sophie Bowden
Event Sales Executive
sophie.bowden@centaur.co.uk
T: +44(0)20 7970 4360

General Enquiries
Becky Hendry
Event Co-ordinator
becky.hendry@centaur.co.uk
T:+44(0)20 7970 4792

Sponsorship Enquiries
David D'Souza
Commercial Manager
david.dsouza@centaur.co.uk
T:+44(0)20 7970 4929

Barry Davidson
Business Development Manager
barry.davidson@centaur.co.uk
T:+44(0)20 7970 8065

IN ASSOCIATION WITH MERCER

SPONSORED BY AON, MetLife, personal group, SCOTTISH WIDOWS, Westfield Health, WEALTH at work, xerox

THE AWARDS ARE COMING

Book your place at this year's Employee Benefits Awards

Awards 2015 shortlist announced

The shortlist for the Employee Benefits Awards 2015 is now available at *www.employeebenefitsawards.co.uk*.

The winners will be announced during a lunchtime ceremony on Friday 12 June at the Artillery Garden at the HAC in London.

As well as the 22 category winners, the winner of the prestigious Grand Prix award will also be announced at the event. This award could not be entered, but is designed to celebrate the best of the best from all of the awards' category winners.

We would like to congratulate all Employee Benefits Awards 2015 finalists and hope to see you at the awards ceremony and summer party.

We would also like to say a big thank you to all of the 2015 sponsors and judges.

Do not miss the 2015 Employee Benefits Awards and summer party

The 13th Employee Benefits Awards 2015 will take place on 12 June at the Artillery Garden at the HAC in London.

Through its 23 categories, the awards enable reward and benefits professionals to gain recognition for the outstanding work they have undertaken over the past year.

The awards and summer party are the biggest industry gathering in the employee benefits calendar.

The awards provide the opportunity to come together as a community to network and celebrate with each other.

The ceremony and party offer the perfect place to celebrate the successes of the last 12 months.

Meet our judges for the 2015 Employee Benefits Awards

This year's panel chairs are Debbie Lovewell-Tuck, editor, *Employee Benefits*; Clare Bettelley, associate editor, *Employee Benefits*; Jane Fenwick, global head of benefits, Shire Pharmaceuticals; and Neil Morrison, group HR director, Penguin Random House.

Other judges include: Roland Baskeyfield, group reward manager, Co-operative Group; Neal Blackshire, reward manager, McDonald's; Nick Court, reward and benefits manager, Carlsberg UK; Daryl Maitland, senior HR manager, Cafcass; John Whitaker, benefits consultant, Sky; Joanna Bean, head of reward UK and Ireland, Samsung; Adam Brooke, employee benefits and wellness manager, JP Morgan; Gemma Dainty, reward manager, benefits, Vodafone; Joanne Reed, reward business partner, benefits, Virgin Media; Paul Durrant, director, compensation and benefits and pensions, Thales; Carol Baylis, EMEA total rewards senior director, Hitachi Data Systems.

@www.employeebenefitsawards.co.uk

@ email us at **eb.editorial@centaur.co.uk** with your views

PEOPLE MOVES

AWE appoints Chris Coyne

Chris Coyne has been appointed head of performance and reward by defence organisation AWE. He will be responsible for benefits strategy, structures, incentives and all benefits including pensions.

Cafcass promotes Daryl Maitland

Cafcass has promoted Daryl Maitland to senior HR manager. His new role will cover learning and development, benefits and reward, wellbeing and engagement as well as HR management information.

Chadwick returns to Superdrug

Superdrug has appointed Paul Chadwick as interim senior reward and benefits manager. Chadwick previously worked at Superdrug as interim pensions project manager in 2013.

Chapman moves to Shop Direct

Debs Chapman has joined online retailer Shop Direct as head of reward and pensions. Chapman moves from the Royal Bank of Scotland where she held roles including global reward manager, international benefits manager and cultural transformation lead, agile working.

Gatwick hires Darren Hockaday

Darren Hockaday has been appointed HR director at Gatwick Airport. His early career was built in operational management roles in banking and retail.

Paul Wallace joins NHS Employers

Paul Wallace has been appointed director of employment relations and reward at NHS Employers. He moves to the organisation from his role as group head of reward at the Ministry of Justice. Wallace will take up his new role in the spring, taking over from Gill Bellord, who retires in April.

MOST TALKED-ABOUT NEWS

A report by the Work and Pensions Committee recommended that a single pensions regulator and an independent commission will need to be set up to help protect pension savers when the new pension flexibilities come into effect from April 2015.

"Our recommendation is based on the belief that a standing independent commission, working alongside government, will help make sure pensions policy is made in savers' interests and for the long term."
Graham Vidler, director of external affairs, National Association of Pension Funds

"We welcome the proposal to assess whether the protections for savers that have been put in place so far are adequate, because strong safeguards need to be in place. Independent financial advisers are at the heart of many people's retirement planning process and can help them to avoid making poor decisions."
Mark Stopard, head of product development, Partnership

"A single regulator will provide a clear focus for direct action and early intervention where necessary. A single regulator would be less confusing for consumers."
Malcolm McLean, senior consultant, Barnett Waddingham

TOP TWEETS FROM EMPLOYEE BENEFITS CONNECT

Rosie Damarell
@rosiedamarell: **Had a great time at #EBConnect today getting to meet lots of new people and finding new reward and benefits**

The Rewarding Co
@TheRewardingCo: **Really good to see eldercare covered at #EBConnect – the loss to the UK economy from those with responsibilities must be huge**

Ian Wright
@ianwrightsheff: **@stevewebb1 surprisingly engaging this morning. Very clear and knows his stuff #EBConnect still lots of change to come**

Dave Coplin
@dcoplin: **Just arrived at #EBconnect – looking forward to talking about the New Age of Work (and the rise of the humans...) #EBConnect**

Cigna UK HealthCare
@CignaUKHB: **The winner of the Fitbit activity wristband and mini health checks for the workplace was Amita Sanghrajka**

This month's big question:

How are employees likely to react to the new pension flexibilities?

Flexibility and choice are important tools in our reward armoury, but often these lead to confusion and the inability for many employees to make a decision. This is even more likely to be the case with pension flexibilities.

What are employees likely to do? A key factor will be the value of the benefit they have.

If the pension, whether defined benefit (DB) or defined contribution (DC), is likely to provide enough income replacement for employees to continue their pre-retirement lifestyle 'adequately pensioned', then many may take this option.

It's more interesting for those who are 'under-pensioned' or 'well pensioned' in terms of pension value. For example, the 'under-pensioned' may embrace pension flexibility, taking sufficient income to maintain their standard of living until their pension pot is exhausted, then return to work or fall back on the state or family for support. We could see employees transferring out of DB schemes to facilitate this.

For the 'well pensioned', there may be a number of considerations, including partial transfer from DB, drawdown to shape their pension and inheritance tax planning in receiving their benefit. However, these employees are likely to require post-retirement investment with drawdown.

What we must recognise is that rational decisions will not necessarily be taken, but these decisions will be significantly influenced by the communications from the employer/pension scheme/financial guidance prior to retirement.

John Chilman is group reward and pensions director at First Group

With not long to go until the major pension reforms, employers and trustees must be trying to predict employees' likely behaviour around these pension flexibilities.

At The Pensions Advisory Service, call volumes have been high in 2015. Based on our helpline, there is an indication that April may see people using the reforms to tidy up defined contribution pots.

Perhaps a more worrying trend is the high volumes of calls that we are receiving from people with defined benefit pots who are attracted by the freedom and choice. The safeguards put in by the government that require people with defined benefits valued at more than £30,000 to take regulated advice will hopefully ensure that people understand the full implications of their actions.

Those people are gathering information together to make their choice. Of course, there are many other people who may have read the headlines and decided to act. Another concern is that people will assume the tax deducted at the time the fund is cashed in is correct.

A major challenge for schemes is the possible volumes of people asking to access their money in April. People do feel as if they have been waiting 12 months, so may not be patient. Many schemes will require people to transfer to a personal pension before being able to access their pension pot and this could frustrate people.

The reforms did create a spark that people may become more positive about their pensions. The next few months will be challenging with processes, timescales and ensuring people understand the options.

Michelle Cracknell is chief executive of The Pensions Advisory Service

If asked this question the day after the Chancellor's Budget announcement last year, one might have predicted that most people with defined contribution (DC) pots will cash out their benefits to get access to them, if not to buy fancy cars.

Over time, reality kicks in, and a number of factors make it hard to predict how employees will behave around the new pension flexibilities.

In the DC space, surveys show that a number of people will look to cash out their benefits for valid reasons, for example because they suffer from ill health or want to shape their benefits a different way to fit their circumstances.

But many people have not factored in the tax consequences, and that taking cash might push them into a higher income tax bracket.

Cash will inevitably appeal to some people, who want or need the cash, but a lot of people will go down the drawdown route to ensure they have something to live on into old age.

Logic suggests that members in defined benefit (DB) schemes will stay put. But some will be in ill health and/or not favour the shape of benefits provided under the scheme, for example if they have no spouse or dependants and would not utilise any pension payable on their death, or they may wish to be able to pass on benefits to others in the family.

A further complication is that a DB member will need independent financial advice that they pay for, if they wish to transfer out, so this could further act as an impediment to the flexibilities.

In summary, it is impossible to predict on a member or scheme basis what employees will do with the new pension flexibilities.

Caroline Legg is a partner at pensions law firm Sackers

Do you agree with these views? Join the discussion by searching for the **EmployeeBenefits** group on LinkedIn

HEALTHSHIELD
WE'VE GOT YOU COVERED

...is for **Award Winning Provider** of health cash plans that meet your needs

Our health cash plans can help you look after the wellbeing of your employees - whatever your needs or budget. Our plans provide up to 100% cashback* on a variety of health benefits, including optical, dental and physiotherapy alongside a virtual GP surgery and a personal coaching website.

We've now added occupational health services to our products, so why not find out how our health cash plans can help employees return to work more quickly.

- **Dedicated account managers and marketing support**
- **92.7% of claims processed in 2 days**
- **Member calls answered within 60 seconds**
- **Competitive products at affordable prices**

Call us free on

0800 378051

www.healthshield.co.uk

Tailored • Essentials • Elements • Corporate • Flex

INVESTORS IN PEOPLE

Health Shield Friendly Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. *Subject to annual review. Up to chosen limits.

2014 Health Insurance Awards PROVIDER AWARDS WINNER

2013 HEALTH INSURANCE AWARDS WINNER

COVER excellence AWARDS 2014 WINNER

WINNER BEST CASHPLAN PROVIDER corporate adviser AWARDS

Health Insurance, COVER and Corporate Adviser Awards Best Healthcare Cash Plan Provider

Find us on @HealthShieldUK

HEALTHY BUSINESS

Robert Crawford rounds up the latest employer case studies around healthcare and wellbeing

FUJITSU

Fujitsu is piloting an emotional resilience programme for its 10,000 employees in the UK and Ireland. Its aim is to support employees' mental health. *bit.ly/1vvuR8y*

TESCO AND CARILLION

Tesco and Carillion are to launch a health andwellbeing app for their employees, which has been introduced by healthcare provider Bupa. *bit.ly/1ASLC10*

EASYJET

Easyjet launched a biopsychosocial assessment to help improve the psychological and social wellness of its staff, as well as to tackle workplace physical illness. *bit.ly/1Ge1VmL*

CHISWICK PARK

Swarovski, Pepsi Co, The Walt Disney Company, Starbucks Coffee Company and CBS News are among more than 50 employers at Chiswick Park that participated in a wellbeing event for staff at the beginning of February. *bit.ly/1DewJ8N*

MADGEX

Madgex has launched a series of mindfulness workshops for employees to help reduce stress in the workplace. The workshops, delivered by The Tonic, used practical techniques including mindful meditation. *bit.ly/1DMjbj8*

EE

EE has saved £538,000 in costs by introducing early interventions for staff affected by mental ill health. The savings result from a goal to tackle mental health referrals by more than 10%. *bit.ly/1EMBFAu*

DISCOVERY NETWORKS

Discovery Networks opened a medical and wellbeing centre at its London headquarters. The centre will provide holistic healthcare for more than 1,300 employees. *bit.ly/1tqFFUg*

LUTON AND DUNSTABLE UNIVERSITY HOSPITAL

Luton and Dunstable University Hospital increased the wellbeing of its employees using the British Heart Foundation's free Health at Work programme. *bit.ly/1FTirNb*

NORTH HALIFAX GRAMMAR SCHOOL

North Halifax Grammar School in West Yorkshire is to roll out mental health and wellbeing initiatives. The scheme will offer mental wellbeing coaching to staff. *bit.ly/1zSPCbz*

BIRMINGHAM CHILDREN'S HOSPITAL

Birmingham Children's Hospital offered all employees access to free fitness classes and a slimming club to highlight National Obesity Awareness Week on 12 January. *bit.ly/1MOCsXh*

Outperformance is about a shared commitment to success.

Outperformers are organisations that do better by every measure, from innovation and financial results to customer and employee satisfaction.

To find out what makes them tick, Investors in People worked with over 1000 organisations, research institute, professional bodies and leading management thinkers.

We found that a shared purpose is critical to success. In an Outperforming organisation, people identify closely with the organisation's goals, feel motivated to perform at their best and collaborate easily to meet new challenges.

A new Framework. A new high standard

Investors in People 2015 is a new Framework based on 9 key attributes of Outperformers. It combines metrics to benchmark your performance and a simple maturity model to provide a roadmap for progress.

It gives you a clear picture of performance relative to your peers. It lets you identify small, easily achievable changes in the right areas. It helps your organisation to move towards a culture of continuous improvement.

In short, it puts you on the path to Outperformance.
To register – or just to find out more, go to
www.investorsinpeople.co.uk/purpose

INVESTORS IN PEOPLE
2015

PROTECTIVE MEASURES

Organisations should take steps to shelter themselves against benefits-related risk, says **Tynan Barton**

JACKO

Risk management strategies should be designed to tackle all manner of organisational risks, be they financial, regulatory, operational or people related, but should they also cover employee benefits?

In January, The Pensions Regulator (TPR) reported that by the end of 2014, 169 employers were fined for failing to comply with their workplace pension duties.

While this represents a small proportion of the employers that have now complied with the rules, it highlights just one of the organisational risks that can be created by employee benefits.

Workplace pension schemes, while a highly valued workplace benefit, can pose a number of risks both to an organisation and its employees. This is despite the move from defined benefit (DB) to defined contribution (DC) pension schemes shifting associated risks, such as investment risk, from employers to employees. This is due to a number of organisations still operating DB schemes that are open to future accrual.

But employers can manage DB scheme risk with the help of their scheme trustees. Lynda Whitney, partner at Aon Hewitt, says: "It is very much about the employer working with trustees. The trustees set the investment strategy in terms of the risk, and it's very important that they work together to look at the risks of the scheme and how much investment risk is being taken."

Auto-enrolment risks

Auto-enrolment also creates its own risks, such as the risk of all eligible employees not being enrolled and notices not being sent out.

Nick Allen, head of pensions consultancy at Jelf Employee Benefits, says: "[Employers] not taking pensions seriously enough is a risk. [Organisations] are getting to their staging date, but it's the ongoing piece [that poses a potential problem]."

For example, employers must ensure they have the technology in place to be able to deal with issues such as staff turnover and temporary workers.

Failing to communicate the intricacies of retirement saving and investment could also pose a potential risk for employers, in terms of their duty of care towards staff.

"It's all about the member understanding the benefits they've got, and [employers] assisting with overall financial planning. [This is not just about] pensions, but around what people's expectations are, what they expect to retire on and helping them to understand how much they need," says Whitney.

Pensions and retirement communication strategies, therefore, need to be ongoing, with key messages repeated so that they are regularly at the forefront of employees' minds.

IF YOU READ NOTHING ELSE, READ THIS...

- **Employee benefits, such as preventative healthcare programmes, can help to mitigate organisational risks such as sickness absence and workplace stress.**
- **But benefits can bring their own risks to an organisation around cost, health and safety and regulation.**
- **Employers must be aware of all the risks associated with offering a benefit to staff to ensure that both the organisation and its employees are protected.**

> It's important an employer has the duty of care to make sure that employees are looked after at all times
>
> Steve Desborough, Towers Watson

Of course, pensions are not the only benefits that pose organisational risks for employers. Risks around healthcare and absence management can be numerous.

The top three risk factors that are likely to generate future medical insurance claims for employers in Europe are high blood pressure, poor stress management and high cholesterol, according to Aon Hewitt's 2015 *Global medical trend rate report*, published in December 2014.

Health risks for expatriate staff are even more complex. Employers should be particularly aware of any existing medical conditions employees have that could be exacerbated in certain locations. For example, relocating an employee with breathing difficulties to Hong Kong, where air pollution is high, could present a significant risk to their health and the business.

Pre-assignment screening can help to reduce, or mitigate, such health and wellbeing risks.

Global disease management is also a vital aspect of health and wellbeing risk management. Steve Desborough, senior consultant, health and group benefits at Towers Watson, says: "Different diseases hit in different countries on an ongoing basis, so it's important that an employer has the duty of care and good governance to make sure that employees are looked after at all times, therefore keeping its finger on the pulse."

Employers can work with their private medical insurance (PMI) providers to identify any challenges ➤

CASE STUDY **THE ATTACHMATE GROUP**

Software organisation tackles risk management around expatriate staff

The Attachmate Group offers its international employees a robust benefits package to help manage organisational risks.

But ensuring that its perks are fair and competitive can be a challenge, particularly when it comes to ensuring it remains up to date with legislative changes.

Ian Wright, director, global compensation and benefits, at The Attachmate Group, says: "The main challenges are knowing exactly what benefits are offered and to whom, particularly where we have some legacy benefits arrangements due to acquisitions we've made in the past.

"We also have the challenge of knowing what the statutory requirements are in each country and what the typical market practice is, and then keeping up to date with any legislative changes that might need us to make a change to the benefits."

The software holding organisation, which has around 3,500 employees in 30 countries, recognises the importance of ensuring all employees receive a minimum level of benefits.

"Every country is very different, but we aim to ensure that in each country, as a minimum, our employees have life assurance, access to healthcare and also retirement provision," says Wright. This may be in the form of workplace or state-funded benefits support.

The group works with local benefits advisers to ensure the benefits package offered to staff remains fair and competitive. It also works with local brokers to ensure it gets the best price for scheme renewals.

or issues in particular geographies, which should involve analysis of PMI claims data.

But there are always going to be risks that employers cannot fully control, particularly when it comes to cost. Marco Bannerman, European sales director at Aetna International, says: "If [an employer] has employees working in China, which is an expensive region, then it has to live with the fact that the risk isn't on the level of healthcare; it's going to be the cost of the healthcare."

Of course, cost should not be the focus of expat risk management strategies. "[Strategies should be about] ensuring that [an employee] will be safe, they will be managing their chronic conditions, they stay productive at work and they will be taking less time off work," says Bannerman. "A healthier employee is a more productive employee."

Company car schemes can also pose a high level of risk for both organisations and their employees. Cost is the biggest risk that most employers are grappling with in this area, particularly in relation to the early termination of agreements and issues with absent staff, who are perhaps on parental leave or off with an illness.

Mitigating financial risk

Employers can mitigate such financial risk in two ways: either by creating a slush fund as a contingency that can be used to fund additional scheme costs; or by outsourcing their scheme and its associated risks to a car scheme provider.

Safety is another risk for employers with car schemes, with the Corporate Manslaughter and Corporate Homicide Act 2007 requiring organisations to take responsibility for ensuring that the cars their staff drive are fit for purpose, and that employees have a valid licence.

Car scheme providers can help employers to manage this risk. Alison

The health risk factors that are expected to generate future medical claims

Asia-Pacific	Canada	Europe	Latin America	Middle East/Africa
Poor stress management	Physical inactivity	High blood pressure	High blood pressure	High blood pressure
High cholesterol	Obesity	Poor stress management	Obesity	High cholesterol
Physical inactivity	Ageing	High cholesterol	High cholesterol	Physical inactivity

Source: 2015 Global medical trend rate survey report, published by Aon Hewitt, December 2014

Argall, business development director at Tusker, says: "The beauty of car schemes is that the cars are automatically insured for business use, they have an MOT and they are serviced regularly.

"The employer's obligation is met in terms of them providing facilities to make sure the car is fit for purpose. Most scheme [providers] will also manage licence checking to make sure an employee has a full and valid licence."

As part of their risk management efforts, employers should also consider the way in which employee benefits can help to manage other organisational risks, such as workforce management. Benefits can be an essential tool with which to attract and retain key staff and help employers to ensure their talent pipeline and succession plans run smoothly.

Clare Kelliher, professor of work and organisation at Cranfield School of Management, says: "When an employee, who has sought-after skills is able to weigh up whether they would want to be with one employer versus another, then under those circumstances the benefits package is likely to be an important [deciding factor]."

Awareness of the risks benefits pose to both the organisation and employees can help employers create and manage a robust risk management structure, but as with any risk management strategy, employers must ensure that there is a balance between the risks and rewards EB

Tynan Barton
is features editor at *Employee Benefits*
@tynanbarton

@ Read also *What should a company car risk management strategy cover* at *bit.ly/1GgJG2Y*

Viewpoint

Anna McCaffrey
is senior associate in the employment practice at Taylor Wessing

How to manage risks surrounding bring-your-own-device schemes

Proponents of bring-your-own-device (BYOD) policies consider that advantages to employers can include higher productivity, increased staff morale and lower overall IT costs. For employees, BYOD can facilitate mobile and flexible working and be a useful tool to promote better work-life balance.

If an organisation has adopted a BYOD policy, it is crucial that appropriate safeguards are put in place to comply with data protection obligations and to protect the organisation's confidential information from being disclosed to third parties, accidentally or deliberately.

As part of their BYOD policy, employers should provide guidance to employees on their data protection responsibilities. They should also make it clear that corporate data can only used for work purposes.

'Acceptable use' guidelines should be established to mitigate the risks, such as data leakage, that arise from the use of email and social media on devices that are also utilised to access corporate data.

And technical safeguards should be implemented by, for example, keeping it within a specific app, and disabling interfaces used to connect to other devices such as printers or storage devices.

Employers should also consider technical measures to protect and delete personal data stored on the device throughout the lifecycle of the device.

A clear BYOD policy is the best way for employers to balance the flexibility benefits of BYOD arrangements with managing the security and data risks that are inherent in allowing staff to use their own devices.

Motivate, reward or say thank you with Sainsbury's

- Helps with staff retention
- Boosts productivity
- Promotes a positive work environment
- Supports employee acquisition
- 1000s of products to choose from
- Redeemable at over 1100 stores nationwide

Call us
0870 0101351

Email us
info@sainsburys businessdirect.co.uk

Visit us
sainsburysbusiness direct.co.uk

Scan here
for more about motivating employees

Sainsbury's Business Direct

FEELING THE WARMTH

Summer can be an ideal time for employers to focus on motivating staff and use their benefits schemes to boost engagement, says **Marianne Calnan**

As the days get longer and potentially sunny weather comes over the horizon, employers' thoughts may turn to how they can best motivate staff in the summer months.

Summer months can be an ideal time for employers to focus on motivating their staff and using their benefits schemes to improve engagement. And it is an issue that should be high on their agenda. According to research by management consultancy Hay Group, published in October 2013, 44% of workers do not feel motivated.

The employee benefits offered by an organisation can often be utilised to create a summer motivation strategy.

In the summer months, working parents are even more likely to require benefits that help them balance their work-life responsibilities, such as childcare vouchers and flexible working arrangements, due to the long school holidays.

Julian Foster, managing director of childcare voucher provider Computershare Salary Extras, says: "Benefits are vital to motivating staff. The more diverse a staff body, the more motivations are likely to differ over the year. When summer comes, many will be concerned by balancing work with childcare."

Working parents will respond well to benefits that appear to be tailored to their personal circumstances, so employers that highlight their childcare benefits in the summer months are likely to be rewarded with productive and loyal workers. Iain McMath, chief executive officer of Sodexo Benefits and Rewards Service, says: "Every employee is individual, so personal recognition works best. For staff with a family, allowing them to buy extra holiday in the summer could be really welcomed, even more so than money."

IF YOU READ NOTHING ELSE, READ THIS. . .

- **Summer can be a good time to motivate employees by highlighting benefits such as childcare provision, health and wellbeing programmes and retail discounts and vouchers.**
- **Financial wellbeing is equally important during the summer months.**
- **Personal recognition or a 'thank you' can help boost staff motivation.**

ISTOCK

Staff discounts

Staff discounts and voucher schemes can play an important part in a summer motivation strategy. These can include discounts that help staff with summer holiday plans, such as travel insurance, but can also include experience vouchers, retail discounts and team-building days.

Andrew Johnson, director-general of the UK Gift Card and Voucher Association, says: "The optimum recognition scheme is about incentivising staff with something that will really motivate them.

"Although motivating staff is important all year round, some of [an employer's] workforce may not be around or on holiday during the summer months, and it's important for those still in the office to be rewarded."

Employers can make good use of the warm weather to help build motivation. Arranging a summer barbecue or picnic can help to engage staff, and can be done at little cost to the employer. McMath says: "A picnic or barbecue at lunchtime can lead to staff loyalty, and give staff something to talk about.

"Quirky ideas such as bring-your-children or bring-your-dog-to-work day, fancy dress, quizzes and games create a buzz in the office and around the business. These also get staff working together, speed up communication and increase productivity, because when staff are upbeat they focus more."

Employers could also link events to wider organisational strategies, such as their corporate social responsibility (CSR) agenda.

McMath adds: "Charity collecting is a really engaging activity [because] it gets employees to choose which charity they want to raise money for, and create a fundraising event." ➤

CASE STUDY **ASTELLAS PHARMA EUROPE**

Summer parties motivate staff

Astellas Pharma Europe motivates its 550 UK employees in the warmer months by offering summer parties, sports facilities and flexible-working arrangements.

The pharmaceutical organisation, which employs 15,000 people across 40 countries, engages its UK staff with an annual summer party, which employees can invite their family to. The parties are also themed. For example, the theme of its 2014 party was the 'Wild West'.

Robert Wigmore, senior manager, reward and human resources at Astellas EMEA, says: "With about 25% of our employees having a family, a gathering where families and partners are welcomed is ideal and creates a buzz among staff. We had about 250 staff attend the 2014 party."

Staff can also take up Astellas's flexible hours policy, which is particularly utilised in the summer months.

Wigmore says: "Many employees being on holiday during the summer can make the office disjointed, which is why we make the most of the isolated environment we have. Our offices are located by a river and lovely fields."

Staff can also use the on-site sports court and take part in the Global Corporate Challenge.

In addition, Astellas's corporate social responsibility agenda enables staff to take a day to carry out some improvement work in the local area. For instance, Astellas staff help to redecorate a local special-needs school. Wigmore says: "This really resonates with employees because they get out in the open air to do something worthwhile."

Summer also lends itself to a focus on health and fitness programmes. A motivation strategy can, therefore, be tailored to include ways for workers to take advantage of the longer days, such as joining a bikes-for-work scheme. Computershare's Foster says: "Some staff may book holidays, while others will turn their minds to whether the warmer weather means a new bike would help them get fit and have fun."

Healthy living

Healthy-eating and weight-loss regimes or corporate gym membership can also help boost morale. According to research published by group risk provider Canada Life Group Insurance in June 2014, 38% of the 900 UK employees surveyed would like to have access to healthy-living or weight-loss clubs at work.

Jeanette Makings, director of financial education services at banking group Close Brothers Asset Management, says: "Anything that helps staff wellbeing in the summer months, from employee assistance programmes [EAPs] to debt counselling to mental health assistance, is a great way to retain staff. These benefits also create a good relationship between staff and employers."

An employee's engagement with their saving and retirement benefits can take a back seat during summer, as things such as holidays take precedence. Lesley Fidler, associate director at Baker Tilly Tax and Accounting, says: "Pensions only become interesting when they become relevant to an employee, which tends to be in later life. However, pensions are the most unappealing motivational benefit going.

"During the summer, staff are thinking more about holidays and selling houses than finances."

However, it is important that employees do not become complacent about financial wellbeing. "Through increased communication, conducted online, face to face, visually and written, employers can engage staff with pensions," says Makings. "Contributing to pensions is also a great way to motivate.

Time of reflection

"In terms of general wellbeing benefits the summer months bring about a time of reflection and time to think about ambitions."

A summer motivation strategy can also consist of simple elements that have a big impact. Johnson says: "Getting the fundamental basics right, such as saying thank you, are highly important for motivating workers."

McMath adds: "There is nothing better than being complimented for working hard, and recognition also causes employees to engage with the business. There can also be a huge increase in productivity if there is an emotional and personal aspect to staff recognition."

Providing a focus on the many benefits included in a package can boost motivation in the summer, but something as simple as thanking employees for completing work to a great standard can be just as valuable EB

Motivating staff in summer

Word cloud created by Employee Benefits

Marianne Calnan
is a reporter
at *Employee Benefits*
@Mazsays

@ Read also *Revamping a motivation strategy for the year ahead* at *bit.ly/15bnhW2*

£8.19
per employee,
per month

Let the UK's most trusted healthcare provider help protect your employees

At benenden health, we believe a healthy and happy workforce is one of the most important success factors for any organisation. We've made it easy for you to take care of the health and wellbeing of your employees by making our business healthcare scheme simple and surprisingly affordable at only £8.19 per employee, per month.

So, how does it work?

benenden health is not a private medical insurer. As a mutual we offer an affordable, discretionary healthcare service. Supported by the contributions of around 900,000 people, your employees will be able to request a wide range of services to help them get back to work, including:

- 24/7 GP Advice Line
- 24/7 Stress Counselling Helpline
- Prompt diagnosis, treatment and surgery
- Physiotherapy treatment
- Health advice, counselling & psychology
- Treatment at one of our approved hospitals nationwide
- Financial help for Cancer and TB
- And with no qualifying period, employees don't have to wait before they request our services.

> "With budgets being cut and many organisations downsizing, including our own, this initiative definitely made staff feel more valued. We feel this was an extremely worthwhile investment and can see the benefits. We have no hesitation in recommending it to other businesses."
>
> **Eddie Gaw, CEO, Police Rehabilitation & Retraining Trust**

Find out more:

0800 414 8179*

www.benenden.co.uk/business

benendenhealth

Moneywise Customer Service Awards 2014
VOTED THE MOST TRUSTED HEALTHCARE PROVIDER 2011 – 2014

*Calls to 0800 numbers are free from BT landlines however charges may apply from other providers. Calls from mobile phones may also incur charges. Please note that your call may be recorded for our mutual security and also for training and quality purposes. Lines are open 8am – 5pm, Monday to Friday (except Bank Holidays).

Membership is available to anyone over the age of 16 who is normally resident in the UK. Members can add family and friends to their membership regardless of their age. Some services have a six month qualifying period. benenden health is a trading name of The Benenden Healthcare Society Limited which is an incorporated friendly society, registered under the Friendly Societies Act 1992, registered number 480F. The Society's contractual business (the provision of tuberculosis benefit) is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. The remainder of the Society's business is undertaken on a discretionary basis. The Society is subject to Prudential Regulation Authority requirements for prudential management. No advice has been given. If in doubt as to the suitability of this product, you should seek independent advice. Registered Office: The Benenden Healthcare Society Limited, Holgate Park Drive, York, YO26 4GG.

AD/EBNOV/SP7913/10.14

CHARTING PROGRESS

Data is key to driving targeted healthcare benefits, says **Clare Bettelley**

Workplace healthcare benefit launches are increasing in popularity as employers strive to create a healthy workforce.

For example, Tesco and support services organisation Carillion plan to launch a new health and wellbeing app from healthcare provider Bupa, which is designed to help employees better manage their own health and wellbeing via their smartphones and tablets.

And Easyjet is this year rolling out a biopsychosocial assessment to boost its 9,000 employees' psychological and social wellness.

But the impact of employers' efforts, even in organisations where healthcare benefits are well established, remains to be seen.

Kirsten Samuel, founder of health and wellbeing consultancy Kamwell, says: "Big employers are running all these wellbeing initiatives, but if you were to ask them what the impact has been at the end of the year, [they would struggle to provide] hard data."

But this does not mean that the task is impossible. Employers that want to track the impact of their health benefits should start by assessing the perks that they already have in place and the data that these provide, if any.

"This will provide an organisation with an indication of the type of data that is already available to it and provide it with a baseline, so that it can then pinpoint the areas of its business that need the most improvement," Samuel adds.

IF YOU READ NOTHING ELSE, READ THIS...

- **Employers require accurate and meaningful data to be able to assess the impact of their health benefits.**
- **Benefits and HR professionals require analytical skills to assess their findings.**
- **But it is often difficult to show a correlation between the implementation of a health benefit and a healthy workforce.**

For example, an organisation may have one business division with a particularly high sickness absence rate that needs addressing.

Employee absence records, staff engagement surveys and reports generated from health benefits, such as private medical insurance (PMI) and employee assistance programmes (EAPs), can provide rich sources of workforce health data that an organisation can use by way of a baseline. Employers may also use data sourced from workplace health risk assessments, health screening, wellbeing portals and wearable technology.

Employers should then identify their objectives, which should involve reviewing why they implemented their healthcare benefits in the first place.

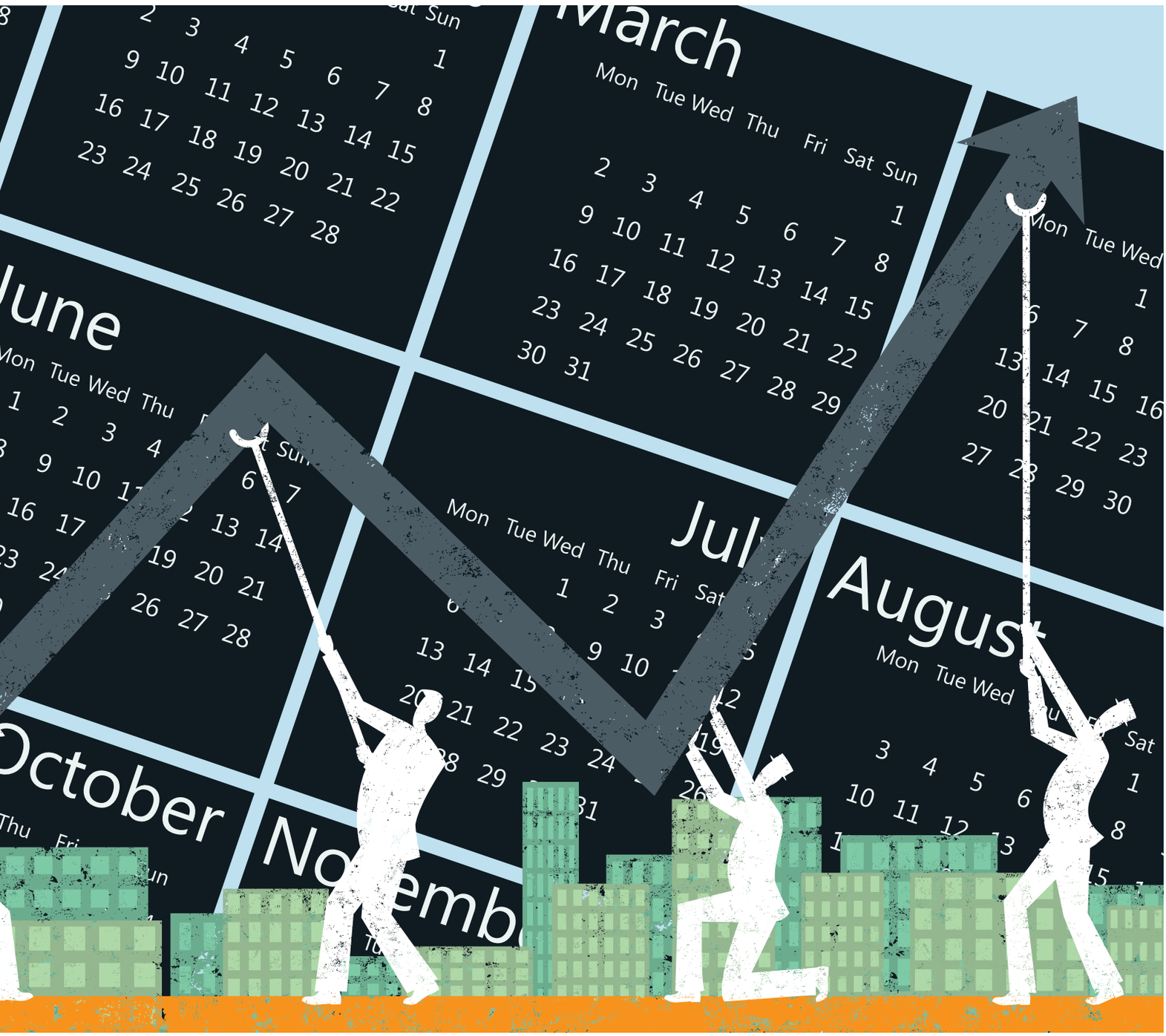
Typical employer objectives include a desire to reduce sickness absence or to boost employee engagement. Objectives may also be preventative, as in the case of a health screening campaign designed to, say, detect heart attack risk in female employees, as is the case with Danone (see box, page 26).

An objective is key, because it constitutes the measure by which an employer can attempt to assess the impact of its health benefits.

Finally, an employer should identify a timeframe for assessing the impact of a benefit. For example, an employer may introduce a stress management programme to help tackle high sickness absence rates,

The process for assessing the impact of workplace benefits

Assess existing healthcare benefits and available data to identify a baseline → Identify objectives (why has a benefit been introduced?) → Set an appropriate timeframe for measuring the impact



which may involve measuring its sickness absence rate both before and then over a set period, such as a year, after implementing the programme to measure its effectiveness. Employers should decide on the timeframe they will use at the outset because, in some cases, 12 to 18 months may be a more appropriate timeframe.

There will, of course, always be some employers that have implemented a health benefit as a 'nice to have' or because their competitors offer it, without any underlying objectives. But considering the long-term relevance of offering such perks in their organisation could stand these employers in good stead.

Employers that track the impact of their health benefits can more easily pinpoint specific health issues and affected staff, which can help to boost employee health and wellbeing and, therefore, engagement. This tailored approach can help employers to make substantial cost savings by avoiding offering health benefits support to staff who do not need it.

But there are a number of challenges that employers could face along the way.

First, there is the difficulty involved in data collection, ranging from the effort of sourcing benefits data from healthcare providers to the challenge of sourcing relevant data from internal departments across an organisation, and often multiple members of staff.

Data collection

Beate O'Neil, head of wellness consulting at Punter Southall Health and Protection Consulting, says: "Quite often, different sections of HR are in charge of different benefits, so [employers] may find [their] PMI reports coming into [their]

CASE STUDY **DANONE**

Danone tailors strategy

Danone has been able to tailor its healthcare strategy to support employees' needs by tracking the impact of the employer-funded health assessments that it rolled out to all staff last year.

The fresh dairy organisation previously offered the assessment to senior staff only, but it decided to extend access in line with its goal to help people live healthier lives.

As a result, 476 staff undertook a health assessment between the launch of the benefit last April and the end of the year.

John Mayor, head of UK rewards and HR project management at Danone, says: "Within the data set, we have a very robust set of management information, so we have the opportunity to drill down and look at key trends within our businesses."

The organisation can now, for example, more easily identify staff who need support with, say, smoking cessation or healthy eating.

Danone hired Bluecrest Health Screening to deliver the health assessments, along with bespoke reports detailing key measures such as body mass, heart rate, lung capacity and cholesterol.

The organisation has tailored the assessment in line with its digestion-focused yogurt product ranges Activia and Actimel.

Danone will also introduce more stringent testing for heart attack risk for its female population this year.

The organisation funded expanded staff access to the health benefit by reallocating £100,000 worth of savings that it made by discontinuing the dependents' death-in-service pension it previously provided to staff in one of its business units.

head of HR and then EAP reports coming in to someone else, and that might not be the employee who deals with absence and occupational health."

Employers must also ensure their data is fit for purpose. This does not just mean ensuring its accuracy, but also that it relates to relevant populations, or sufficient numbers, of staff. Some benefits, such as PMI, for example, may only be offered to senior staff, which means an employer's data sample may be relatively small. This may mean they cannot draw meaningful conclusions, or spot useful trends with which to help shape their health strategy.

Finally, organisations must assess whether or not benefits staff have the time and the necessary skillsets to analyse data in-house.

Oliver Gray, founder of health consultancy EnergiseYou, says: "HR has a hell of a lot on its plate, and taking that first step of [designing] a proactive wellbeing programme is a job in itself. Also, it's quite an analytical thing to do, and HR does not tend to be that analytical."

But perhaps the greatest challenge is the fact that employers cannot force staff to take up the health benefits that they implement. Even when staff do, there is no guarantee that they will stay with an organisation to enable it to track the effectiveness of any benefit or intervention to which they have been party.

It is also often extremely difficult for an employer to prove any correlation between the implementation of a healthcare benefit and a healthy workforce. Kamwell's Samuel says: "Employers are trying to define proper metrics and measures, but undoubtedly it will be tricky in some areas, and there are certain things that are easier to measure than others."

But employers should not stop trying to do so, because the value of the exercise is worth its weight in gold. As Alex Higman, operations director at Bluecrest Health Screening, says: "Intrinsically, employers know that healthy employees are happier, more engaged and more productive."

Encouragingly, a number of organisations are already on the right path.

"Many employers are now at the point that they want to learn from their experiences. [They know that] in order to make improvements on future decisions and interventions, they need to know whether or not the initiatives that they have run previously have been successful, and the only way to do that is to track what they are doing over a period of time," says Samuel EB

Viewpoint

Andre Spicer is professor of organisational behaviour at Cass Business School

Beware of taking wellness initiatives to extremes

Employers have traditionally relied on offering higher pay packets and better perks. But now, many potential recruits claim they would rather trade a higher wage for a better work-life balance. As a result, organisations have started to rethink the way they reward people. Instead of relying on monetary incentives, they have started to try to offer more attractive workplaces. One trend that has caught on recently is trying to improve employee wellness.

The idea is that organisations can help to improve their employees' wellbeing at work by offering everything from cut-price gym memberships and weight-loss programmes to in-house mindfulness classes and healthy-eating initiatives. Some employers that have taken this to an extreme have started to install treadmill desks and institute walking meetings. A number of US healthcare organisations have placed a ban on employing smokers. One organisation in Sweden even requires its employees to attend the gym twice a week if they are to receive their entire salary.

In small doses, corporate wellness schemes can do a little good. However, we should not think they will be a magic bullet. A study of wellness initiatives in US organisations suggests they tend to be costly and have fairly limited impact on employee health, which may be all that healthcare data confirms.

Clare Bettelley is associate editor at *Employee Benefits*
@Clarebenefits

@ **Read also *How could wearable technology change workplace health?* at** *bit.ly/1luVdtR*

myWellbeing

A convenient way for employees to manage their health online

With myWellbeing employees can:

Speak to a GP 24/7 by phone or through a phone and webcam

Talk to a trained counsellor about a range of domestic and medical issues

Access exclusive offers, such as discounted gym membership

Have prescriptions delivered to their work or home address

Find health information they can trust

Check their symptoms and use a range of health evaluation tools

For more information please visit
www.simplyhealth.co.uk/business

simplyhealth

Services on myWellbeing may vary depending on the type of plan and can change without notice from time to time

Simplyhealth is a trading name of Simplyhealth Access, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Simplyhealth Access is registered and incorporated in England and Wales, registered no. 183035. Registered office, Hambleden House, Waterloo Court, Andover, Hampshire, SP10 1LQ. Your calls may be recorded and monitored for training and quality assurance purposes.

1503095-EMP-EB-myW-FP-AD-0415

WHY do clients choose Cigna?

- Exceptional service
- Unparalleled expertise
- Innovative risk management approach
- Unrivalled global network
- Comprehensive solutions

Global Health Benefits

Simply contact **Mark Coleman**,
Regional Sales Director, Europe
on **+44 1342 310425** or
mark.coleman@cigna.com

www.cignainspire.com

Cigna®

WORLD OF DIFFERENCE

Cost control is driving new trends in international PMI, says **Clare Bettelley**

Many employers have traditionally accepted the relatively high cost of international private medical insurance (IPMI), labouring under the misapprehension that its cost is incredibly difficult, if not impossible, to contain.

This is, in part, due to the fact that the cost of IPMI has been increasing. Richard Saunders, sales director at Healix Health Services, says: "The cost of IPMI is really going up. There are a lot more providers in the marketplace, but [there is still] exposure [for employers with] repatriation and possible claims for high-value items."

A US-based food-poisoning-related claim worth in excess of $2m (£1.3m) last year is a case in point, he adds.

But times are changing. A number of employers are beginning to realise that they can better manage their IPMI costs and are starting to do just that.

John Kaye, director of client management, Europe and Middle East, at Cigna International Expatriate Benefits, says: "In the last four or five years, employers have been looking much more at the sustainability of their expatriate programmes. They look at themselves first, [in terms of] making sure they've got all the expats they need, and then they're looking at how long assignments are and making sure [that their IPMI] provider can provide the appropriate cost."

Healthcare providers have a role to play, too. "As much as employers still want rich benefits for expats, it's more and more important that providers don't just write cheques to hospitals at rack rates, and that we maximise network agreements and manage high-cost cases effectively," adds Kaye.

More appropriate hospital choices for employee treatment can also help to contain employers' costs. Stuart Birch, senior health management consultant at Capita Employee Benefits, says: "There is a role for employers to play in learning from people on the ground about how to provide a directed care pathway and position it as a positive to their employees."

Directed care pathway

A directed care pathway would detail the medical facilities that expats and their families can visit for support and treatment.

Greater involvement in their IPMI strategies may also enable employers to tackle issues such as alleged market fraud. According to Capita's Birch, some hospitals perform unnecessary procedures, such as MRI scans, on employees who do not need them, particularly in the Gulf, Singapore and Hong Kong.

The consequences of employers continuing to take a passive approach to their IPMI strategies could be huge. Birch says: "If an employee has cancer here, domestically, yes, it's life changing and very difficult, but there are tools to help support them, and they can stay at home and get back into the workforce in a staged manner.

If they are overseas, they have got to come home, so the employer has a failed deployment and all the difficulty around that."

Regulation may be the only way to help drive market growth, as in Dubai. From October 2014, the Dubai Health Authority has required employers with more than 1,000 employees to provide workplace health insurance.

Although IPMI product development has been slow in recent years, a number of providers are starting to respond to employers' increasing scrutiny of their IPMI arrangements with expanded product and services offerings.

For example, Aviva International has invested in its Everyday Healthcare module to offer expats prescription medication, vaccinations and eyecare, as well as expanding access to its Gulf products into Bahrain and Jordan.

Meanwhile, Cigna International Expatriate Benefits is focusing on Europe this year, with plans to expand access to its life and accident and disability insurance, which it currently sells in the UK, Belgium and the Netherlands, elsewhere in Europe as part of a rolling programme.

Evolution of the IPMI market has been slow, but it is coming and employers need to prepare EB

IF YOU READ NOTHING ELSE, READ THIS...

- **Many employers have traditionally accepted the relatively high cost of international private medical insurance (IPMI).**
- **The performance of unnecessary medical procedures is helping to maintain high IPMI costs in some countries.**
- **But employers can help to reduce costs by dictating the hospitals in which their staff can receive treatment.**

Clare Bettelley
is associate editor of *Employee Benefits*
@Clarebenefits

@ **Read also *Safeguarding expatriate health is key* at** *bit.ly/1HuW2Uw*

SHUTTERSTOCK

To take the pulse of your company wellness

Generali Employee Benefits is proud to announce its new Paid and Incurred Medical Claim Reports. These reports provide multinational companies the tools they need to tackle skyrocketing medical premiums.

The most current dashboard overview of what company-sponsored health plans have effectively paid during prior periods.

Global summaries and country-by-country detail associated with the covered populations and the time periods indicated.

Insight into local medical trends by benefit class to help companies make informed decisions on health cover / benefit design.

Insight into local medical trends by diagnostic categories to help companies better consider appropriate wellness programs.

Deeper population-based metrics to better identify the main cost drivers associated with a company's claims experience.

A clearer perspective of the differences in employee health issues that exist between countries around the world.

Local protection, global connection

www.geb.com

Head Office Avenue Louise 149, box 17 1050 Brussels, Belgium - marketing@geb.com - Tel. +32 2 537 27 60

GENERALI
Employee Benefits Network

EYE FOR DETAIL

A governance policy should be reviewed to ensure it remains appropriate, says **Robert Crawford**

SHUTTERSTOCK

The pace of change in the pensions space has been little short of astonishing in recent years. This has left some employers struggling to keep their pension policy compliant, while also maintaining best practice and good governance.

In January, for example, The Pensions Regulator (TPR) announced that it had fined 169 employers by the end of 2014 for failing to comply with their workplace pension duties.

According to research by pensions law firm Sackers, published in November 2014, more than two-thirds (69%) of pension schemes have not carried out a value-for-money assessment, a standard set by TPR's defined contribution (DC) code of practice.

But with so many different requirements set out by the Department for Work and Pensions, the Financial Conduct Authority (FCA) and TPR, it is important for employers to understand exactly what compliance and good governance looks like. This could mean looking into many aspects of providing a pension scheme: making sure schemes are well administered, paying contributions on time, setting the required communications to members to ensure they make informed decisions about their retirement savings and keeping schemes on the right side of the law.

Richard Butcher, managing director of Pitmans Trustees, says: "Governance is fundamentally about two things. One is doing the right things at the right time and in the right way, and that is all the basics from not missing deadlines to making sure that it is compliant with law. Secondly, it is about setting strategic objectives and setting a plan to execute to make sure the scheme is going in the right direction of strategic governance."

Reviewing a policy

While good governance is a key issue for any employer, trustee or HR and pensions manager, it can be tricky to keep on top of at all times. Reviewing a policy is vital to ensure standards are met and members are receiving the outcomes they need from their scheme.

When reviewing scheme governance, good practice begins with an audit, which can help assess if the current structure is working.

This could highlight if scheme deeds are up to date, whether the member communications are correct, if internal controls are correct to ensure that a scheme is administered and managed in accordance with the scheme rules and legal requirements, whether the investment strategy works, and if contributions are paid correctly.

Simon Riviere, scheme manager at PS Independent Trustees, says: "For trustees, a review should be done at all meetings and provide reports on the pensions scheme. But across DC, employers or governance committees can review it to see how it can be improved to make the scheme more cost effective to lead to better governance."

To help organisations assess best practice and to help schemes with the task of rectifying problems in governance, TPR published its DC code of practice and regulatory guidance, *Principles and features for good-quality pension schemes*, in November 2013.

The advice, which is aimed at trust-based DC schemes, but can also apply to contract-based plans, sets out six principles and 31 quality features that, if followed, can help improve pension scheme member outcomes.

"They do help, up to a point," says Pitmans Trustee's Butcher. "They give a code-of-practice framework within which to operate clearly in the eyes of the regulator."

Barry Mack, partner and head of governance at Hymans Robertson, adds: "Trustees will have certain things to do and will use the codes of practice as a good step guide and they will have committees to manage good governance. But that should not stop contract-based schemes from having their own committees and they can go through these steps themselves." ➤

IF YOU READ NOTHING ELSE, READ THIS...

- **A pensions governance policy is key to ensuring employers comply with their workplace pension duties.**
- **A governance policy can cover scheme administration, contribution payments, communications and legal issues.**
- **Employers should review a governance policy to make sure a scheme provides the best outcomes for members.**

Viewpoint

Nicola Davis
is pensions and benefits specialist at Ashurst

As a result of auto-enrolment, increasing numbers of individuals are being enrolled into defined contribution (DC) pension arrangements. Although governance of these arrangements is not yet legislated, it should be best practice for any forward-thinking employer.

It is important for employees that they are investing their money in well-designed, efficiently monitored schemes, where appropriate decisions are made in their interest.

In addition to any internal governance by the employer, from April minimum standards are being introduced for contract-based schemes, where providers of workplace personal pensions will need to establish independent governance committees (IGCs).

Ashurst established an internal pensions monitoring committee (PMC) for our contract-based DC arrangement in 2013. Pension decisions remain the responsibility of the employee and, while there are currently no statutory obligations for formal monitoring, the PMC aims to follow best-practice guidelines to ensure the scheme remains an effective tool for our employees to use in their own retirement planning, and to add an extra layer of comfort for scheme members.

The PMC meets twice a year with a remit to: identify trends from scheme information or benchmark data; review the scheme provider; monitor the investment options available to members; monitor internal controls; and communicate issues to members.

As a result of establishing the PMC, we have seen an increase in the number of employees participating in the scheme, greater levels of engagement (for example, through increased completion of expression of wish forms) and attendance at our pension clinics.

CASE STUDY **PEEL PORTS GROUP**

Peel Ports Group creates governance committee

Peel Ports Group launched its own pension governance committee two years ago to help oversee and support good governance for its stakeholder pension scheme.

The committee holds quarterly meetings that include input from its scheme provider Aegon, as well as its consultancy Aon Hewitt.

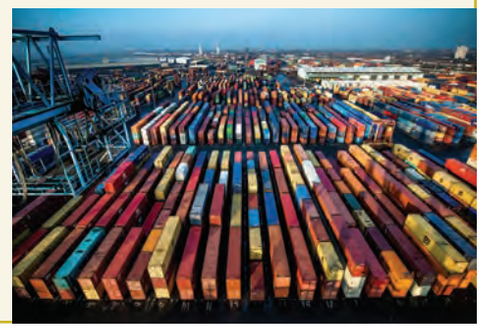
There are regular items on the agenda such as ensuring the scheme is run effectively, investment management, administration and scheme performance.

It measures all elements of good governance against a score card.

Amanda Willis, pensions manager at Peel Ports and a member of the governance committee, says: "We wanted to put something in place to ensure members get a good service from their provider and from us as an employer. It was agreed to put the committee in place and it has gradually evolved."

A number of changes have been made by the governance committee following the government's pension reforms and the need to improve member communication following auto-enrolment.

Willis adds: "Our governance committee makes sure what's happening should be happening. Following the Budget announcement, we have looked at a number of things, including introducing another couple of default funds, allowing employees to take cash lump sums and income drawdown, but it is about making sure the committee communicates this correctly."



Peel Ports Group is a good example (see box above). The organisation launched its own governance committee made up of its pensions manager and a team member from both HR and finance. It has meetings to review governance and has input from its pension scheme provider Aegon, as well as its consultancy Aon Hewitt.

In some cases, employers, trustees or governance committees will identify a problem with governance, which can then be rectified. To tweak a strategy, committee meetings should follow up what has been highlighted. For example, if the investment strategy is under-performing it can be replaced and if the scheme charges are too high they can be re-negotiated.

Triggers of poor governance

But the biggest trigger for poor scheme governance is administration, says Andy Seed, head of UK DC sales at JP Morgan Asset Management. "Whether [it's] the service provider, consultant or whoever is looking after the admin, [this] can be the biggest trigger for failure. Organisations don't want to do more work for themselves and make the pensions manager do more than he or she has to."

Technology and the introduction of independent governance committees (IGCs) for workplace personal pension schemes from April 2015, as announced in the FCA's final rules in February, will help change the face of good governance in pension schemes and define better value for money.

> IGCs are looking at things at a high level and will make sure all schemes operate good governance
>
> Helen Ball, Sackers

As Helen Ball, a partner at Sackers, says: "The FCA has recognised that there is no reason for voluntary arrangements to change if organisations have them. IGCs are looking at things at a high level and will make sure all schemes operate good governance." EB

Robert Crawford
is a reporter at *Employee Benefits*
@RCrawford_EB

@ Read also ***Why flexible retirement options should lead to revamp of benefits strategies*** at bit.ly/1p8NNDo

Freedom and choice: X marks the opportunity

Supplied by:
SHILLING
An Arthur J. Gallagher company

A failure to support employees' ability to retire when they want and on acceptable terms will result in an ageing workforce, says **Matt Frost**

"The framework for pension freedom and choice isn't going to work well, at least not initially." Not a ringing endorsement for the new reforms from pensions minister Steve Webb at Employee Benefits Connect on 4 March. In fact, he went on to say "6 April is the start of something; it's not a deadline," presumably to calm the nerves in the room.

But, beyond the new employer duties and lack of readiness, I believe there is a much bigger issue that employers need to address: succession planning.

Employers must take an honest look at their efforts to engage employees with pension saving. Failing to support employees' ability to retire when they want and on terms that are acceptable to them is going to result in an ageing workforce and talent stagnation. Discovering they simply cannot afford to retire and being left to fester on the payroll is the antithesis of 'good member outcomes' and certainly not a bright future for any business.

IF YOU READ NOTHING ELSE, READ THIS...

- **Latest reforms present opportunity to, and requirement for, employees to take ownership of retirement planning.**
- **Generation X is at risk of falling between the cracks and needs to be educated now.**
- **Effective governance can identify employees at risk much earlier.**
- **A long-term communications strategy that uses personalisation and technology will make it easy for employees to engage.**

Consider Generation X, which could take retirement benefits in 10 to 15 years. They watched their parents retire with decent incomes from company pensions. And this was achievable with absolutely no effort, thought or planning; it was done for them. What is the likelihood that their offspring figure their employers will still handle this all for them? Pretty high, I would wager.

ISTOCK

Generation Xs could be sitting on pots they have not actively considered in years. Six months before the arbitrary retirement date that they probably never chose for themselves, they will receive a 'put-you-to-sleep pack' from the pensions provider (sorry, I think the term is actually 'wake-up pack', but evidence proves otherwise). The pack is loaded full of technical jargon and retirement choices. They could be underfunded and underperforming: cue lots of finger-pointing when they discover the ugly truth.

It does not paint a stellar picture, does it?

Take control

It is time to wake up Generation X. Now, freedom and choice presents an opportunity for employers to shift accountability to employees so they can start considering the future they want after work.

Before worrying about employee workshops or one-to-one sessions, employers should start by considering how they can take practical, simple steps to fostering a stronger savings culture among pension members.

Start with your governance strategy. What, you do not have one yet? Good governance is not a tick-box exercise; it is a way to measure engagement and see whose plans are off-track. Demand data from the scheme provider or administrator and focus on Generation Xs.

Next, make it easy for employees to buy in. Create a communications strategy with targeted, meaningful messages that equip members with the awareness and knowledge they need to step into the driving seat. Explain to Xs the value of the employer contributions and the benefits of increasing theirs. Make sure it is painless for them to do this through payroll and consider implementing bonus sacrifice for those who need to play catch-up.

The small cost of simple steps to re-engage Generation X with their retirement could save a business a fortune in lost productivity and dynamism, which can be the result of poor succession planning. Do not let them drift into a position where they can never retire. There is no freedom or choice to be had then.

Matt Frost
is chief executive officer at Shilling

CASHING IN ON FLEXIBLE BENEFITS

Bibby Financial Services has bolstered its flex plan to boost staff retention, says **Clare Bettelley**

Vicky Smith, HR project manager at Bibby Financial Services, should be feeling triumphant after achieving a 98.5% take-up rate for the organisation's flexible benefits plan during its enrolment window in December 2014.

But she believes that there is room for improvement, despite beating the exceedingly high 98% target she set herself for 2015. To put this into context, the average flex take-up rate among the financial services industry employer clients of Bibby's flex consultant, Thomsons Online Benefits, is just 69%.

This is because Smith, who joined the Banbury, Oxfordshire-headquartered organisation as HR adviser in 2004, is a self-confessed perfectionist with exceptionally high standards. This helps to explain her success in single-handedly creating a reward strategy for the organisation since working her way up to HR project manager in 2006.

She says: "We have grown our reward strategy from a blank piece of paper [since 2011] and introduced a pay structure, a salary sacrifice pension scheme, flexible benefits and a recognition framework. We have also updated our bonus scheme, although flex was by far the biggest and the most far-reaching project.

"[The flex plan] is part of everyday life now, but we are really keen to ensure that we do not just meander along. We need to keep it fresh."

The stretching targets are also a result of increased market competition, which means that the organisation is having to work even harder to attract and retain staff.

Bibby, which was ranked number 50 in *The Sunday Times' 100 Best Companies to Work For 2015*, specialises in invoice finance, which provides businesses with the funding that they need for cashflow as a result of unpaid invoices that they have in the pipeline with their customers.

According to Smith, increased competition has resulted in new market entrants attempting to poach Bibby's top talent, hence the organisation's renewed focus on retaining and supporting employees to help develop unique product propositions and exceptional customer service.

Flex scheme tweaks

As part of these efforts, the organisation has made a number of tweaks to its flex plan for 2015. This involved benchmarking competitors' reward packages, including FTSE banks as well as fellow independent financial services organisations, and analysing feedback from the

BIBBY FINANCIAL SERVICES AT A GLANCE

Bibby Financial Services is one of nine organisations within the Bibby Line Group, which has grown to generate a turnover of £1.59bn since launching as a shipping business more than 200 years ago.

Bibby Financial Services specialises in invoice finance, which provides businesses with the funding that they need for cashflow as a result of unpaid invoices that they have in the pipeline with their customers.

The organisation employs around 738 employees in the UK and more than 1,260 globally in 46 locations across 15 countries. The workforce comprises 60:40 female and male staff, who have an average age of 40 years and an average length of service of six years.

BUSINESS OBJECTIVES IMPACTING BENEFITS

- To make Bibby Financial Services a great place to work
- To lead the market on service and value
- To grow profitably

reward survey that Bibby conducts with staff each February following the organisation's flex enrolment window in December.

New benefits include a computer scheme provided by Computingscheme; critical illness insurance for employees' partners provided by Aviva UK Health; health assessments for employees' dependents provided by Bupa; and the extension of health screening to all staff over the age of 40 when it was previously only available for senior staff, also provided by Bupa and part-funded by Bibby.

The organisation has also repositioned its health cash plan, provided by Medicash, as a core benefit following staff feedback that called for wider plan access that extended beyond Bibby's flex scheme.

The flex plan offers every employee a flex pot worth two days' pay, which they can flex up by selling a maximum of four days' holiday. It replaced a piecemeal setup, which previously operated across Bibby's UK business operations.

Communications strategy

The communications strategy underpinning the plan comprises workplace posters, roadshows, webinars, email campaigns and text messaging to remind employees, for example, about a forthcoming enrolment window.

The introduction of targeted communications in 2013 also ensures that staff are reminded about relevant benefits, such as childcare vouchers for working parents.

Bibby's flex strategy is designed to support its three core corporate objectives: being a great place to work; leading on service and value; and growing profitably.

Smith has created a recognition scheme as part of the organisation's efforts to retain staff, which she implemented in 2014. The scheme concept was also driven by feedback from Bibby's 2013 reward survey, which called for more consistent employee recognition across the organisation.

The peer-to-peer-based recognition scheme, entitled 'The Outstanding Contribution Awards', enables staff to recognise colleagues across the organisation for exceptional performance through a dedicated online recognition portal, which was designed in-house. An employee-based panel of judges whittles down the nominations, of which a total of 127 were made between August and December 2014, to create a list of 12 finalists who are each awarded a certificate for their efforts and invited to Bibby's annual sales awards dinner, which this year took place in London in February.

Feel-good factor

Smith says: "Our managing directors are giving us anecdotal feedback about staff being chuffed to receive their certificates. It is [about us creating] that feel-good factor and about [staff] having a little bit of attention in front of [their peers]."

Bibby will now focus on reviewing its maternity benefits to see whether or not these need tweaking in light of the new shared parental leave rules. This follows the introduction of a baby bonus, worth one week's salary, for new mothers upon the birth of their baby or the placement of an adopted child, in 2014 EB

THE BENEFITS

Pension

- A Bibby Line Group-managed contract-based defined contribution (DC) pension scheme open to all employees, with employees' contribution rate set at 4% and Bibby's contribution rate set at 5%
- A second contract-based DC scheme has been set up for auto-enrolled staff, with contribution rates set at the government's statutory minimum (currently 1% employee, 1% employer)
- Life assurance at four-times salary for all members of Bibby Line Group's pension scheme

Healthcare and wellbeing

- Critical illness offered through flex
- Private medical insurance (PMI), employer-funded for all employees, and dependents' cover available through flex
- Health cash plan, employer-funded for non-PMI scheme members
- Dental healthcare offered through flex
- Health assessments offered through flex
- Health screening, employer-subsidised for staff aged over 40
- Employee assistance programme

Holiday

- Minimum of 25 days, rising to 30 days after 10 years' service
- Holiday trading after one year's service

Other benefits

- Bibby discounts (retail discounts)
- Childcare vouchers
- Gym membership offered through flex
- Bikes for work offered through flex
- Computer scheme offered through flex
- Give as you earn

CAREER HISTORY

Vicky Smith was tasked with introducing a range of HR and benefits policies and procedures for Bibby Financial Services when she joined as HR adviser in 2004.

Since working her way up to HR project manager in 2011, she has introduced the organisation's first formal reward strategy, which included the implementation of a flexible benefits scheme in 2012.

This earned Bibby the accolade of runner-up for the 'Best reward strategy aligned to business strategy' at the Employee Benefits 2013 awards.

Smith, who works as part of a 10-strong HR team, has sole responsibility for benefits.

She worked previously for recruitment firm Manpower, and then undertook a number of interim HR roles for a range of employers, including Oxfam, before joining Bibby.

Clare Bettelley
is associate editor of *Employee Benefits*
@Clarebenefits

@ Read also ***How to use data to inform flex schemes*** at *bit.ly/1GZ4POe*

RELOCATING STAFF OVERSEAS?

FIVE TOP BENEFITS OF ATTENDING FEM'S LONDON ROADSHOW

1. Gain top tips to ensure successful oversea assignments
2. Learn from top global mobility professionals from companies such as **Rio Tinto**, **Diageo**, **American Express** and **British American Tobacco**
3. Discover real-life examples of how global mobility professionals have tackled the most challenging issues and mitigated serious risks to their business
4. Participate in roundtables and join hour-long panel discussions with the industry's thought leaders
5. Develop new business relationships and contacts within Global Mobility

REGISTER YOUR PLACE TODAY

HR PROFESSIONALS ATTEND FOR FREE!

Visit **www.forum-expat-management.com** and find out more

FORUM FOR EXPATRIATE MANAGEMENT

LONDON ROADSHOW

MAY 19 2015

Employee Benefits and Forum for Expatriate Management are part of Centaur HR

CENTAUR HR

REPORT

employee benefits

April 2015

TAX-EFFICIENT BENEFITS

Top of the class on benefits tax

A number of benefits attact tax and national insurance exemptions, so it is essential to check the specific rules for each, says **Robert Crawford**

CAMERON LAW

Employers with an eye for cost efficiencies often look to take advantage of available tax and national insurance contribution (NIC) breaks within their benefits package.

There are many tax- and NIC-exempt benefits on offer. In February, the government launched the latest of these in the shape of an interest-free loan scheme to help staff pay their tenancy deposit when moving into a privately rented home.

But there are many specific tax and NIC exemptions applicable to different benefits, so it is important for employers to check the specific rules for each individual benefit.

So what are the key points to consider?

Bikes for work:

Through a bikes-for-work scheme, employees effectively 'hire' a bike for a set period, paying for the hire by a deduction from gross salary via a salary sacrifice arrangement. At the end of the hire period, they can purchase the bike.

The tax and NIC relief on the portion of salary sacrificed means the employee pays less for the bike than if this was purchased from net pay. If they do choose to buy the bike, the Fair Market Value can be declared as a a benefit in kind with a P11D.

Healthcare:

A tax exemption has been introduced on amounts of up to £500 paid by employers for medical treatment for staff who have been on long-term sick leave. It will apply to recommendations by the government's Fit for Work service and extends to employer-arranged occupational health services.

Pensions:

Employers could save tax and NI contributions by sacrificing salary or a bonus in exchange for their employer paying an equivalent pension contribution. This reduces both employer and employee NICs, as well as income tax for the employee.

Lifetime allowance:

There is a lifetime allowance limit on any employee's tax-exempt pension savings. This is currently £1.25m but will be reduced to £1m in 2016. From 2018, increases will be index linked. Any excess above this limit is subject to charge of 25% tax before being applied to provide taxable benefits.

Annual allowance:

The annual allowance limit on tax-relieved pension savings is capped at £40,000.

Employer and employee contributions above the annual limit are taxed at the highest rate the employee pays: 20%, 40% or 45%.

Flexible retirement options:

From 6 April 2015, employees will be able to take money direct from their pension pot without having to buy an annuity or put the money into drawdown, and 25% of this sum will be tax free. This is known as an 'uncrystallised funds pension lump sum'.

Death benefits:

From April 2015, beneficiaries of individuals who die before the age of 75 with remaining uncrystallised or drawdown defined contribution pension funds, or who have a joint life or guaranteed-term annuity, will be able to receive any future payments from these policies tax free.

Share schemes:

Employers can offer employees shares or share options as part of a government-approved share scheme, which offer certain tax advantages.

Approved schemes comprise: share incentive plans (Sips), sharesave schemes, company share option plans and enterprise management incentive schemes.

Sips:

If an employee invests in a Sip and keeps their money there for five years, no tax or NICs will be payable when the employee acquires the shares.

The maximum value of shares an employee can acquire with tax advantages through Sips is set at £1,800 for partnership shares and £1,600 for free shares.

The government will provide an annual exemption from income tax on bonuses or equivalent payments on amounts up to £3,600 paid to employees of organisations that are indirectly employee owned.

Sharesave:

The personal investment limits of sharesave schemes are £500 a month. Employees can save from £5 a month up to a maximum of £500. At maturity, on either the three- or five-year anniversary from the scheme start date, a tax-free bonus is added to the accumulated savings. These are calculated on the following bonus rates, effective from 27 December 2014:

Bonus rate	Annual equivalent rate
3 year: 0.00 x monthly payments	0.00%
5 year: 0.00 x monthly payments	0.00%

There is normally no tax liability when the employee purchases the shares. However, in the event of an early exercise of options within three years from the date of grant, the employee may be liable to pay income tax on the gain.

Source: IFS Proshare

IF YOU READ NOTHING ELSE, READ THIS . . .

- **There are a number of individual tax rules for all tax-efficient benefits.**
- **Changes to pensions and childcare vouchers affect their tax position and how employees take the benefits.**
- **New tax rules apply to employee share schemes.**

Childcare vouchers:

Currently, childcare vouchers are exempt from income tax and NI contributions on up to £55 per week per employee. But from autumn 2015, vouchers will be replaced by a tax-free childcare scheme that provides working families with 20% of their childcare costs.

Salary sacrifice arrangements:

Tax-efficient benefits offered through a salary sacrifice arrangement are exempt from income tax, employer's NI and employee's NI. This is so because a benefit offered in this way reduces an employee's gross pay, so less tax and national insurance is due.

Loans:

Employer-provided interest-free or cheap loans that do not exceed £10,000 (to the individual employee) in total at any time during the year are not liable for tax or NICs.

It is common for employers to allow staff to use these for annual season tickets.

Computer schemes:

Employee savings are available on gadgets offered through salary sacrifice.

Employees can make NI savings of up to 12% for basic-rate and 2% for higher- and additional-rate taxpayers. Direct payments from salary can be spread over 12, 24 or 36 months. Payments from salary are interest free and there are no credit checks.

Cars:

The benefit value of a company car is calculated on the manufacturer's list price, plus VAT, delivery, number plates and any optional extras. The employee is liable to pay tax on a percentage of the value based on a car's carbon dioxide emissions. The lower the emissions, the less tax it will incur. Employees and employers can gain further advantages by offering company cars via salary sacrifice.

Give as you earn:

This benefit allows employees to make tax-efficient payments to a charity.

Gym membership:

Employees can save on NI contributions if gym membership is offered via a salary sacrifice arrangement.

Health screening:

If an employer provides its employees with one health screen and/or medical check-up per year, the cost of provision is exempt from tax and NICs as an employment-related benefit as long as the health screen is generally available to all employees or to all employees identified in a previous screening as needing a check-up.

Company car tax benefit-in-kind rates 2014–19: HM Revenue and Customs fuel type D (diesel cars) and A (all other cars)

Vehicle CO2 g/km	2015–16% BIK Rate		2016–17% BIK Rate	2017–18% BIK Rate	2018–19% BIK Rate	2019–20% BIK Rate
	Petrol	Diesel	All fuels	All fuels	All fuels	All fuels
1–50	5		7	9	13	16
51–75	9		11	13	16	19
76–94	13	16	15	17	19	22
95–99	14	17	16	18	20	23
100–104	15	18	17	19	21	24
105–109	16	19	18	20	22	25
110–114	17	20	19	21	23	26
115–119	18	21	20	22	24	27
120–124	19	22	21	23	25	28
125–129	20	23	22	24	26	29
130–134	21	24	23	25	27	30

National insurance:

Employees pay NICs if they earn more than £153 a week. The amount they pay is 12% of their weekly earnings above that limit, up to £805 a week. The rate drops to 2% of earnings above that amount.

Employers pay Class 1A and 1B national insurance once a year on expenses and benefits they give to their employees. The rate for the tax year 2014–15 is 13.8%.

Employers have to pay 13.8% on all earnings for employees over the £153-per-week threshold.

Trivial benefits:

From 6 April 2015, spends of up to £50 on items such as gifts will be tax free to the employer. An annual cap of £300 will apply in some circumstances.

Robert Crawford
is a reporter
at *Employee Benefits*
@RCrawford_EB

@ **Read also *How to align tax-efficient benefits with a CSR strategy* at** *bit.ly/P3cKUH*

SalaryExchange
Leading the way in Benefits & Engagement

We're **not** a traditional benefits or flex provider... **we're different**

To find out more visit
salary-exchange.co.uk
Or call **0333 2000 104**

Sourcing a Gym membership scheme that covers all your employees?

Don’t sweat over it.

Incorpore helps the busy HR & Reward teams we work with to engage employees in the benefits of an active lifestyle. We offer a choice of gym schemes to suit each and every organisation.

With over 2,600 participating gyms nationwide, our large number and variety of clubs ensures all employees are catered for no matter where they live, what their level of disposable income or individual goals and preferences are.

Visit www.incorpore.co.uk | Call 0845 300 6474

Gym Flex
health club memberships

Incorpore
the health club company

Tusker's salary sacrifice car scheme... with you every step of the way

Engage. Benefit. Save. Simple.

Make great savings and improve your employee benefits with Tusker's salary sacrifice car scheme.

To find out more give us a call on 0333 400 1010,
email us at hello@tuskerdirect.com
or visit www.tuskerdirect.com/eba15

0333 400 1010
hello@tuskerdirect.com
www.tuskerdirect.com/eba15

Tusker.

A family affair

The government's new tax-free childcare scheme will impact both employers and staff, says **Marianne Calnan**

IF YOU READ NOTHING ELSE, READ THIS . . .

- **From autumn 2015, working parents will be able to sign up to a new childcare scheme, which offers 20% of the cost paid by the government.**
- **If they are already in a childcare voucher scheme, employees are able to continue using it for as long as their employer chooses to offer it.**
- **After autumn 2015, no new employees will be able to sign up to a childcare voucher scheme.**

The Childcare Payments Bill, announced in the 2013 Budget, will see the current childcare voucher system replaced with a tax-free scheme.

The changes, which are due to come into effect this autumn, will offer employees help with the cost of childcare from a registered provider. Employers will no longer be responsible for providing childcare vouchers to staff, because the tax-free benefit will now come from the government. Existing childcare voucher scheme members will be able to continue using their employer's voucher scheme as long as they remain with the same employer, until their child reaches the age of 15.

Under the new scheme, working parents will have access to 20% tax-free childcare, which means they pay for only 80% of the costs, up to a maximum of £10,000 per child. So for every 80p a working family pays in, the government will pay in 20p. Initially, a 20% tax break was expected on the first £6,000 of costs, which would have provided savings of up to £1,200 per child, but now the scheme will apply to annual costs up to £10,000, providing savings of up to £2,000 per child.

To qualify, an employee must earn over an average of £50 a week, but less than £150,000 per year. Employees who are on paid sick leave and parental leave can also use the scheme.

Employers' workplace nurseries will not be affected by the new scheme.

Popular benefit

Childcare vouchers remain a perennial favourite among employers and staff, as it has been the most common tax-efficient benefit since 2009 to 2014, according to *Employee Benefits' Benefits research 2014*, which surveyed 256 employers, and was published in May 2014.

This suggests that many employers are likely to continue providing their current childcare voucher scheme. Rachel Farr, professional support lawyer at law firm Taylor Wessing, says: "For working parents already part of a scheme, it may be best to stay with that scheme. As childcare is an expected benefit, and highlights diversity and equality in an organisation, most employers will continue to offer [vouchers]."

According to research by Jelf Employee ➤

CASE STUDY

Lloyds promotes work-life balance

Lloyds Banking Group understands the importance of supporting working parents with family-focused benefits and flexibility.

An internal engagement survey conducted in September 2014 showed that 41% of Lloyds' 88,000 staff have parental or caring responsibilities, so it offers staff benefits that support their work-life balance.

Lloyds offers childcare vouchers as part of its flexible benefits scheme. It also offers flexible-working arrangements.

The bank has communicated to staff about the new tax-free childcare scheme that comes into effect in the autumn.

Fiona Cannon, group director of diversity and inclusion at Lloyds, says: "There are lots of different scenarios based on a couple's circumstances, so clear guidance is key."

In February, the bank announced it would introduce enhanced shared parental leave for eligible UK staff. The policy will offer enhanced pay compared with the statutory minimum, and will ensure families make the most effective choices on how they care for their child in the first year after birth or adoption.

Benefits, published in August 2014, 82% of employers will continue to do so.

Working parents who have not taken up childcare vouchers before the autumn should be made aware of the changes well in advance. Where employees take up the new government scheme, the onus will be on the employee to set up an online account, into which the government will pay its 20%.

Laura Czapiewski, product manager for childcare vouchers at Edenred, says: "Staff need to know that they can only take part in one scheme. Employers also need to inform staff about the change, and encourage them to join a scheme as soon as possible."

This means employers must ensure they are up to speed with the changes. Elliot Silk, head of employee benefits at Sanlam Wealth Planning, says: "The lack of communication to employees is going to be the biggest hindrance, because if employers aren't even aware of the changes, it will be difficult to make staff aware."

Employers need to do as much as they can to ensure staff have all the information, says Jo Dalby, finance director at Busy Bees Benefits. "I am encouraging employers to get a scheme in place pre-autumn and to advertise it well, with emails, posters and desk drops.

"Staff need to look at their income and childcare costs, as well as the ages of their children. Working parents also need to be clued up on the most cost-effective scheme for them."

Charles Cotton, performance and reward adviser at the Chartered Institute of Personnel and Development (CIPD), adds: "Most employees will be better off; however some will not be, including parents who pay the basic rate of tax [20%] and who spend less than £7,321.60 a year on childcare; two-parent families where only one [parent] works, [and] those with children over 12."

Changes to childcare vouchers

Word cloud created by Employee Benefits

> ***Employers need to inform staff about the change and encourage them to join a scheme as soon as possible***
>
> Laura Czapiewski, Edenred

Loss for employers

The new scheme will not provide national insurance (NI) savings for either employee or employer, which could result in a big loss for some employers. This could impact the amount they have available to invest in other benefits for staff. They may offer other tax-efficient benefits via salary sacrifice to make up the lost NI savings from childcare vouchers.

Yet Farr says: "The new voucher scheme will open up childcare to a wider set of employees, which can only be a positive thing."

Employers should therefore take the differing needs of their workforce into consideration when communicating and offering support to employees.

So while it is clear that the changes to childcare will affect working parents in various ways, there is no way to foretell what will happen come autumn. Clear communication from their employer, however, is undoubtedly required to help staff understand their options as soon as possible.

As Czapiewski says: "There is no one-size-fits-all approach to the changes, so staff need to get their individual questions answered, which requires a joint effort from employer, provider and employee." ■

Marianne Calnan
is a reporter
at Employee Benefits
@Mazsays

@ Read also *How flexible working can boost staff wellbeing* at *bit.ly/1CQnXu8*

employee benefits live

21 - 22 September 2015, Olympia, London

EXPERT INSIGHT, INFORMATION AND PRACTICAL ADVICE

SAVE THE DATE

21–22 SEPTEMBER 2015

GET AHEAD AND BOOK **FREE** TICKETS TODAY

employeebenefitslive.co.uk

Protect your employees eyesight from just £25

ECP
Office

ECP
Protect

ECP
Drive

50% OFF

*INTRODUCTORY OFFER - Available until April 30th 2015**

Protecting the eyesight of your employees has never been easier. Simply visit www.eyecareplans.co.uk to purchase online. There's no minimum order quantities, it's affordable and the voucher is emailed directly to you. We offer a full eyesight test and single vision, bifocal or varifocal glasses.

We have a range of vouchers to suit VDU users, corporate drivers and employees needing prescription safety eyewear.

- 2700 plus optical stores to choose from
- Full eye and eyesight test included
- Choice of contemporary frame styles
- 15% in-store discount on any other purchase in the same transaction

If you want to know more visit www.eyecareplans.co.uk/specialoffer or call our friendly customer service team on 0844 800 4028

*selected items only

eyecareplans.co.uk®
corporate eyecare consultants

PRODUCT FILE

CORPORATE EYECARE

Numerous options are available to help organisations look after their employees' eye health, says **Sam Barrett**

A corporate eyecare policy can help an organisation look after the health of its employees.

Traditionally seen as a means to meet an organisation's duty-of-care requirements, the popularity of eyecare schemes means that more employers are looking to make these part of their package of health and wellbeing benefits.

A regular eye test can help employees look after many aspects of their health. As well as ensuring they are not plagued by headaches and sight problems resulting from uncorrected vision, a full eye examination will pick up the early signs of a variety of chronic health conditions including diabetes, high blood pressure and high cholesterol levels.

Reduced absence

Helping employees look after their health in this way also benefits the employer, through reduced sickness absence and, by preventing serious conditions, lower healthcare costs.

Providing eyecare benefits also enables an organisation to meet its duty-of-care obligations. Under the Health and Safety (Display Screen Equipment) Regulations 1992, employers have a legal obligation to provide basic eyecare benefits to employees using computer screens and other similar devices. This needs to cover the cost of an eye and eyesight test plus the cost of glasses if required for visual display unit (VDU) work.

It is also sensible to extend eyecare to employees who drive on business. Although there is no specific regulation relating to this, health and safety laws apply to all aspects of work, including ensuring they are fit to drive. If an employee's poor eyesight meant they had a fatal accident while driving for work, an employer could be held liable under the Corporate Manslaughter and Corporate Homicide Act 2007.

There are a number of ways an employer can provide eyecare benefits. An employer could simply reimburse employees from petty cash or through expenses for the cost of an examination. While this is simple to set up, it can be labour intensive, so many employers opt for a more formal scheme.

Voucher schemes are particularly popular. These can either be pre-paid, with employers handing out vouchers as employees ask for tests, or they can be operated on a pay-as-you-go basis.

Broader cover

Broader cover is also available, allowing employees to get money towards new glasses. For example, as well as covering an eye test, National Dental Plan's optical plan includes £50 for frames, £100 for lenses and £10,000 for loss of sight. This means it can be used alongside a voucher scheme or on a standalone basis.

Another broader cover option is VSP's Vision Care scheme. This is designed to support health and wellbeing as well as covering duty-of-care requirements.

It encourages all employees to take a full eye examination every two years so health problems can be detected early and steps taken to prevent them developing. Premiums start at £2.50 per employee a month for £125 of benefit over a two-year period.

It is also possible to offer optical benefits through a health cash plan. These cover everyday healthcare expenses including dental, optical, physiotherapy and consultations, with employees claiming back the cost of treatment from the cash plan provider. Prices start at less than £1 a week per employee, for which they would get around £50 of optical cover each year.

The facts

What is corporate eyecare?

Corporate eyecare is a popular employee benefit that also helps an employer meet its duty-of-care requirements for employees using visual display units and those driving on business. It can be provided in a number of ways including vouchers and optical plans, through health cash plans or by setting up an arrangement with a local optician.

Where can employers get more information?

More information about the legal requirements can be found on the Health and Safety Executive's website at: *www.hse.gov.uk/pubns/priced/l26.pdf*

Who are the main providers?

The main providers include ASE Corporate Eyecare, Boots, Edenred, Intelligent Corporate Eyecare, National Dental Plan, Optical Express, Specsavers, Tesco Opticians, Vision Express and VSP Vision Care.

STATISTICS

27% **of employers fail to comply with health and safety display screen equipment legislation** (*Specsavers Corporate Eyecare, December 2014*)

26% **of drivers have not had their vision tested in the last two years** (*Brake, August 2013*)

10% **of UK adults had never had an eye examination in 2013** (*Eyecare Trust*)

@ **For more Buyer's Guides:** *bit.ly/1kOZqbv*

PRODUCT FILE

CONTRACT-BASED DC PENSION SCHEMES

The market faces a period of change as the new pension freedoms come into force, says **Tynan Barton**

SHUTTERSTOCK

The facts

What is a contract-based defined contribution (DC) pension scheme?
A contract-based DC scheme is based on contributions from both employers and staff. It can be a group personal pension (GPP), a stakeholder scheme or a group self-invested personal pension (Sipp).

What are the origins of contract-based DC pension schemes?
GPPs were introduced in 1988, when the government replaced retirement annuity plans with personal pensions. Stakeholder pensions were introduced in April 2001.

Where can employers get more information and advice?
More information is available from: The Pensions Regulator on 0845 600 1011 and The Pensions Advisory Service at www *pensionsadvisoryservice.org.uk*.

A contract-based defined contribution (DC) pension scheme is based on contributions from employers and staff. Unlike defined benefit (DB) pensions, DC scheme benefits correlate to the investment fund built up over an employee's working life, which was historically used to buy an annuity at retirement.

There are three types of contract-based DC pension: group personal pension plans (GPPs), stakeholder schemes and self-invested personal pensions (Sipps). GPPs and stakeholder schemes are aimed at the majority of an organisation's workforce, offering a limited range of investment funds for scheme providers to track on their behalf.

Sipps are essentially DC schemes that offer greater investment choice. In addition to the equities and bonds on offer with a GPP or stakeholder plan, Sipps offer wider asset choice, including commercial property. The plans are typically targeted at higher-earning employees.

Scheme contract

Contract-based DC arrangements involve a contract between scheme members and the insurance provider offering the scheme.

The DC contract-based pensions market is due to go through another period of change from 6 April 2015, due to the pension freedoms announced in the Budget in March 2014. These will affect how staff access their pension fund, enabling them to choose to take their pension savings in the form of a cash lump sum, drawdown or annuity.

Members will be able to take a tax-free lump sum of up to 25% of the value of their pension pot; however, any cash taken over the

PRODUCT FILE

STATISTICS

96% **of employers think that the new pension flexibilities create a need for more financial education in the workplace**

(Jelf Employee Benefits, published in February 2015)

34% **of employees will think about their retirement plans sooner because of the recent Budget changes**

(*Nest insight 2015* report, published in January 2015 by the National Employment Savings Trust)

48% **of employees are aware of the pension flexibilities available to defined contribution scheme members, which come into force in April**

(Jelf Employee Benefits, published in February 2015)

25% tax-free amount will be taxed at the person's marginal tax rate and no longer at 55%.

The amount a member can draw down each year will be increased from 120% to 150% of an equivalent annuity, which means the amount an annuity would have paid out in that year. DC members must earn at least £12,000 a year in order to be allowed to draw down in their pension, less than the current £20,000-a-year income limit.

Most pension providers will offer the ability for employees to use any of the three options once these come into effect this month.

The freedoms bring with them greater choice for members, but this could cause confusion for staff in an auto-enrolment environment.

Auto-enrolment relies on the apathy of members to stay in a pension scheme and not opt out. Staff may spend their working life contributing to a pension scheme, but they may struggle with the complex choices they need to make when nearing retirement, particularly if they have not been given any workplace support.

If not already a recognised element of a benefits package, financial education could become even more important for staff after April.

Employees should be supported throughout their working lives, so that at the point of retirement they will be confident in making critical decisions that afford them a comfortable retirement.

Impartial guidance

To help provide this, the government has guaranteed that all DC scheme members will be offered free, impartial, face-to-face guidance on their choices at the point of retirement.

The other change dominating the market is the new governance requirement, which means contract-based pension schemes will have to set up independent governance committees from April 2015.

Traditionally, a collection of pension contracts was sold through the workplace and provided to employees, which risked a misalignment of interest between the desires and needs of employers and their staff. This also risked poor governance outcomes.

From April, pensions providers will need to have independent governance committees in place that will hold pension providers to account, and ensure they are acting in the members' best interests.

Many pension providers are now well versed in providing contract-based DC schemes to meet auto-enrolment requirements, but product development rumbles on. For example, in March, Standard Life announced it was removing its minimum eligibility criteria for its auto-enrolment provision and opening up its scheme to all employers left to stage.

Its criteria was: a minimum of five members; a minimum average contribution level; and a limit on the proportion of members on short-term contracts.

iSTOCK

STATISTICS

65% **of pension scheme members that cited the level of costs and charges as the most important factors for employers when choosing a pension provider**

(What do pension scheme members expect of how their savings are invested? *published by the National Association of Pension Funds, in July 2014)*

11.7% **is the average contribution rate: 7.6% from the employer and 4.1% from the employee**

(NAPF's *40th annual survey of workplace pensions*, published in December 2014)

@ **Read more buyer's guides at:** *bit.ly/1kOZqbv*

The facts

What are the costs involved?

An annual management charge, which can start from around 0.25%, is applied to members' funds, with a lower charge for passive funds. A charges cap of 0.75% for workplace pensions took effect from April 2015. Under auto-enrolment legislation, contribution levels will rise incrementally, with the full employer contribution of 3% of banded earnings due from October 2018.

What are the legal implications?

Employers are obliged to offer auto-enrolment-compliant scheme. They are then required to re-enrol employees who opt out every three years. Organisations with more than 50 employees have now passed their staging dates.

What are the tax issues?

Tax breaks are available to both employers and employees.

What is the annual spend on contract-based DC schemes?

According to the Association of British Insurers, workplace pension premiums in 2013 totalled £11.545m, of which group personal pensions totalled £10.680m and employer stakeholder pension totalled £866m.

Which providers have the biggest market share?

The main providers in this market include Aegon, Aviva, B&CE, Fidelity, Friends Life, Legal and General, MetLife, National Employment Savings Trust, Now: Pensions, Prudential, Scottish Widows, Standard Life and Zurich Life.

Which providers have increased their market share?

No figures are available.

Beyond help

Candid goes under cover to test out the organisation's EAP and is not surprised to discover its shortcomings

We've had a complaint about our EAP.

Naturally, Big Bad Boss calls me in to explain. The employee assistance program (note the transatlantic spelling) was foisted on us by the US headquarters, so really it is nothing to do with me. I have had no influence on choice of supplier, nor have I had any day-to-day management responsibility. Still, it is someone in our building, someone important, who has made a complaint, so I have to look into it.

Big Bad Boss won't tell me who has complained, or what they complained about, as the service is confidential, but nevertheless I need to get it sorted. Really? What am I supposed to do, hold a séance? He does say that the employee, a Higher Being from our management team, said it would be just as helpful to type his problem into Google as to get something from the EAP.

I don't see how I am going to find out more about the service if I am not allowed to talk to anyone about it. I have always fancied myself as a detective, so there is nothing for it but to go under cover.

My first fake call for assistance is about workplace stress, because I don't even need to pretend about that. The counsellor who answers is fluent in English and has a nice, comforting voice, which is all very lovely. But that is as far as it goes. The counsellor talks to me for roughly three minutes before referring me to a list of private counsellors in my area. Clicking on it, I can see they charge between £50 and £100 an hour. Great.

I call the EAP again a little later using a different employee number. Naughty, but I don't want them to realise I am making it all up. Luckily, it is a different person so they won't recognise my voice. This time I discuss my concerns over legal issues to do with a fictitious house purchase. Again, I don't have to dig too deep to act that one out as I know exactly what that feels like. The counsellor is sympathetic and within two minutes refers me to the website of legal advisers. Yet, if I really had a problem keeping me awake at night, I wouldn't want a website; I would want actual advice.

> **If I really had a problem keeping me awake at night, I wouldn't want a website; I'd want actual advice**

Later, I call again as another employee, this time with relationship problems. This is a bit more of a stretch of my acting abilities. Not that I haven't had relationship problems; it is just that I haven't had any for some time as I haven't been in what you could properly call a relationship. I tell them I am arguing with my boyfriend every night, and that it is affecting my work. The person 'assisting' this time doesn't even acknowledge what I have said, but immediately refers me to my local Relate office. Is that really the best you can come up with Mr EAP?

I decide to up the stakes. I call again suggesting I am a victim of workplace bullying and sexual harassment. Again, I am referred to the legal website, and also given a bonus link to the list of counsellors in my area. How comforting! At no point am I told to speak to HR or my manager, which is shocking really.

I can't say I am surprised. When our head office does something for the good of employees, they only do it in order to tick a box that says 'demonstrate a commitment to employee welfare'. You can be quite sure that no one actually gives a stuff whether employees are happy or not as long as they turn up and do their job. I also know that when head office adds any benefits, it will do so very, very cheaply. Clearly you only get what you pay for, and if you are only willing to spend a tiny fraction per employee, you are not likely to get more than a simple scripted call centre and a few emailed links.

It was the same with our global travel program (note the spelling again), which was set up to ensure that all employees worldwide are safely covered when they travel. Read the fine print and you find that in an emergency you can call a helpline, and it will tell you where to find help for your problem.

Note: it will tell you where you can get help, but not actually help you; no emergency is actually covered or paid for by the insurer. Yet it was announced to staff as an all-encompassing global insurance, so I had to phone round all the local offices to make sure they didn't cancel their normal travel policies.

Luckily, the EAP was never really announced to employees with any great splash. I added it to the offer letter as instructed, but that's about it. It is on the list of benefits in on our website, and our marketing folks always call it out under 'caring for our employees' in the corporate collateral, but that is all. As such, employees must be pretty desperate to remember to use it. Sadly, based on my little experiment, our complainant was right; they would get as much actual help from typing their problems into Google.

Big Bad Boss doesn't like hearing that I pretended to be various employees, and I wonder briefly if there is some secret departmental reporting from the call centre. I recommend to him that if we are really concerned about employee welfare we need to engage a firm that actually offers a level of proper first-line counselling. However, I know that will come at a cost that won't be palatable. Alternatively, we could save on the cost altogether and just point people at their web browser.

Next time... *Candid drowns in emails.*

@ **Read more Confessions at:** *bit.ly/RKIOt2*

CENTAUR MEDIA

Employee Benefits accepts no responsibility for loss or damage to material submitted for publication. Copyright Centaur Media plc. All rights reserved. No part may be reproduced in any form without written permission of the publisher. Employee Benefits is published by Centaur Media plc., the UK's premier independent business publisher. For information about the range of products produced by Centaur, visit www.centaur.co.uk. The site contains details of vacancies at Centaur. You can subscribe online to Employee Benefits at www.centaursubs.co.uk. Subscriptions: 1 year: £92, 2 years: £168, 3 years: £205. ISSN 1366-8722

Independent assurance by PricewaterhouseCoopers LLP UK (July 2012 – June 2013)

Website audience	Print audience
51,597	18,870

CONTACT DIRECTORY

BENEFITS SOLUTIONS

Mattioli Woods plc
WEALTH MANAGEMENT & EMPLOYEE BENEFITS

Mattioli Woods understand that businesses are increasingly seeking new ways to recruit, motivate, engage and retain the best talent with innovative employee benefit solutions. Working with employers locally, nationally and internationally Mattioli Woods design, implement and administer new and existing schemes, providing advice and guidance on life cover, retirement, health and wellbeing, salary protection, rewards and lifestyle related benefits. Our employee benefits solutions will support your business now and in the future.

Mattioli Woods plc
T: **01224 652 100**
Email: **info@mattioliwoods.com**
Web: **www.mattioliwoods.com**

VOLUNTARY BENEFITS

Xexec
Building Loyalty

Delivering engaging and cost effective benefits solutions. Through our fully integrated platform, we offer:

- **Discounts** – From over 3000 vendors, which can be tailored to include both regional and company requirements.
- **Concierge** – Assistance to organise that dream holiday, sourcing hard-to-get concert tickets or finding you a plumber.
- **Reward & Recognition** – Helping you to recognise employees in meaningful ways beyond pure salary and bonus.
- **Retail Vouchers** – Providing vouchers for high street brands & supermarkets, online and via salary sacrifice.

Xexec
T: **0208 201 6483**
Email: **EBM@xexec.com**
Web: **www.xexec.com**

employee benefits.co.uk

GROUP RISK

MetLife®

MetLife employee benefits is building on its strong base among small and medium sized enterprises (SMEs), leveraging its global expertise to provide solutions for multi-nationals. We are committed to:

- ✓ Delivering on our insurance promise
- ✓ Providing excellent service
- ✓ Listening to our customers
- ✓ Making a positive difference in our communities

Partnering with advisers and employee benefits consultants, we provide solutions to companies that help them manage the risks of illness, injury and death during the working lives of their employees. Our parent company MetLife, Inc. is the number one employee benefits provider in America covering nearly 40 million employees and their dependants.

MetLife
Invicta House
Trafalgar Place
Brighton
BN1 4FR

T: 0845 603 8899
E: ebnewbusiness@metlife.uk.com
W: www.metlife.co.uk/atwork

FINANCIAL EDUCATION

WEALTH at work
KNOWLEDGE | EXPERIENCE | OPPORTUNITY

put your company ahead using financial education.

WEALTH at work is a leading provider of financial education in the workplace. It provides a service which helps employees to understand how to maximise the value of their benefits by delivering financial education tailored to the needs of individual companies and of different employee groups within those companies.

This can then be supported by online guidance and an advice service which allows, for example, the linking of company share schemes to pensions and ISAs, retirement income planning for retirees and specialist support and guidance for senior executives.

WEALTH at work
5 Temple Square
Temple Street
Liverpool L2 5RH
0800 234 6880
info@wealthatwork.co.uk
www.wealthatwork.co.uk

WEALTH at work and my wealth are trading names of Wealth at Work Limited which is authorised and regulated by the Financial Conduct Authority

employee benefits live
21 - 22 September 2015, Olympia, London

SAVE THE DATE

EXPERT INSIGHT, INFORMATION AND PRACTICAL ADVICE

GET AHEAD AND BOOK FREE TICKETS TODAY
employeebenefitslive.co.uk

The Mattioli Woods

Health & wellbeing solution

- Healthcare cash plans
- Private medical insurance
- Health screening
- Counselling
- Fitness strategies
- Healthy eating
- Financial protection
- Financial security
- Financial education

The Mattioli Woods health and wellbeing solution can assist you in designing and delivering a rewarding employee benefits strategy, improving employee retention, motivation, engagement and attendance.

www.mattioliwoods.com

Mattioli Woods plc

WEALTH MANAGEMENT & EMPLOYEE BENEFITS

01224 652 100 Aberdeen | **0141 375 7120** Glasgow | **0116 240 8700** Leicester | **020 7269 4729** London | **01638 564 230** Newmarket

Mattioli Woods plc is authorised and regulated by the Financial Conduct Authority

Not all the above products are regulated by the Financial Conduct Authority