The 2015/16 Jelf Employee Benefits Survey

Publication October 2015

This survey is based on Jelf Employee Benefits understanding of current legislation, and does not form advice. Employers should seek specific advice before acting on anything contained in this report

Jelf | Employee Benefits

Index of Contents

Foreword to the 2015/16 Jelf Employee Benefits Survey **4**

Section 1: Current Pension Issues **5**

Q1: Would you like to see an Independent Pensions Commission established to advise government on policy decisions? 6

Q2: As an employer, which of the following pension tax-relief options would you like to see once the current review is finalised? 7

Q3: As an employee, which of the following pension tax-relief options would you like to see once the current review is finalised? 8

Q4: As an employer, would you like to see the National Insurance savings inherent in Salary Sacrifice maintained? 9

Q5: Should tax reliefs change, how much time would you ideally like to adapt current practice and communications to this change? 11

Q6: Would you like to see a cessation in pension legislation changes until the next parliamentary term (2020 – 2025)? 12

Q7: Do you feel that your pensions governance is robust? 13

Q8: Do you feel that improved governance can add value to your pension offering? 14

Q9: Do you think an increase to Auto-Enrolment minimum contribution levels should be made? 15

Q10: How do you think any future increase to AE minimum contribution levels should be applied? 16

Q11: Will you consider smoothing the cost of increased Auto Enrolment contributions by taking early action? 17

Section 2: Other Employee Benefits **18**

Q1: Would you like to see wider media and government interest in employee benefits other than pensions? 19

Q2: Does your organisation provide regular updates to employees on the employee benefits offering? 20

Q3: What form do your principal employee benefit communications take? 21

Q4: When was the last time that your organisation reviewed your employee benefits offering? 22

Q5: Will you be signposting absent employees towards Fit for Work in the absence of GP referrals? 23

Q6: Will you be communicating details of the Fit for Work service to employees in the next 12 months? 24

Q7: Did you know that many Death in Service lump sum benefits count towards the Pension Lifetime Allowance limit? 25

Q8: Now that you are aware of the Lifetime Allowance issue, will you review your Death in Service schemes to avoid this issue? 26

Q9: Have you communicated changes to employer sponsored childcare to your employees? 27

Q10: Will your organisation use the delay in Tax Free Childcare as an opportunity to communicate the childcare support changes to employees? ... 29

Q11: Do you believe that your employees are fully aware of the financial implications of changes to benefits such as childcare support and pensions? ... 30

Q12: Do you believe that such changes increase the need for employers to provide Financial Education in the workplace? ... 31

Q13: Do you offer employees assistance with Financial Education? ... 32

Q14: Do you agree that employers should be required to offer 3 days paid leave for voluntary work? ... 33

Q15: Do you currently offer any paid leave for voluntary work? ... 34

Q16: Which of the following benefits has involved your organisation in the most work in the last 12 months? ... 35

Section 3: International Employee Benefits ... 36

Q1: How challenging do you find hiring employees for overseas assignments in the current global climate? ... 37

Q2: Has your organisation been exposed to international or global HR challenges in the last 12 months? ... 38

Q3: Does your organisation regularly review risk practices and/or international employment law? ... 39

Q4: When did your organisation last review risk practices and/or international employment law? ... 40

Q5: How do you currently rate your policies to manage security and international risk for your employees? ... 41

Appendix I: Contributors to the 2015/16 Jelf Employee Benefits Survey ... 42

Appendix II: Pensions Survey Data ... 45

Appendix III: Employee Benefits Survey Data ... 47

Appendix IV: International Benefits Survey Data ... 50

Appendix V: Jelf Employee Benefits ... 51

Foreword to the 2015/16 Jelf Employee Benefits Survey

The world of Employee Benefits is in flux, and our annual survey lifts the lid on employer attitudes towards the benefits they provide and the legislation which shapes such offerings.

Welcome to the second annual Jelf Employee Benefits survey.

As we aim to do every year, we are seeking to focus on the hottest of topics in the world of employee benefits. We hope that the findings of this survey will be of use to employers, providers and legislators.

So what areas have we focused on this year?

Once again the biggest changes have been in the area of pension provision.

The major initiative that is pensions Auto-Enrolment is still ongoing, and the new duties are being extended to ever smaller employers in the UK. At present the minimum contribution levels for an Auto-Enrolled employee are very low indeed, and often insufficient to provide savers with a good pension outcome. As such there has been much speculation as to whether the contribution rates should be increased beyond the legislated increments in 2017 and 2018. Our findings (see Pension Questions 9, 10 and 11) show broad employer support for such a measure, and make for interesting reading.

Yet Auto-Enrolment has been eclipsed over the last 18 months by George Osborne's landmark *Pension Freedoms* announcements. These new rules enable pension savings to be much more readily accessed by those over age 55 in the UK. This change has proved popular with the electorate, and in his summer Budget speech the Chancellor indicated that he was prepared to consider *"further radical change"* to make pension savings more attractive to the UK population. Accordingly a formal consultation on the structure of pensions access and tax reliefs was opened in July, and concluded in September. At the time of writing the outcomes of this consultation are not known, but the employer views expressed in this survey (Pension Questions 2, 3, 4 and 5) have been submitted to the Treasury to demonstrate the employer perspective on this key issue.

Yet this survey is not all about pensions.

The Chancellor's recent announcement regarding the reduction in Lifetime Allowance has created an unexpected issue for employers who provide Group Death in Service cover for their employees. Do employers recognise this as an issue, and if so will steps to address this problem be taken? (see Employee Benefit Questions 7 and 8).

Other important topics include the Conservative Manifesto commitment to enforce employers to offer paid volunteering leave as a right to their employees, and the progress (or otherwise) of the move to replace Childcare Vouchers with Tax Free Childcare.

Many of the changes mentioned above will of course directly impact the end user of employee benefits – the employee. As a result there has been an upswing in the provision of employee Financial Education, and our survey takes a look at the progress of this topic, and how such education is being delivered (see Employee Benefit Questions 11, 12 and 13).

A final key topic is the long-awaited national roll-out of the Fit for Work service. This free assessment service for absent employees finally became available in September 2015. But will employers engage with this service, and what will they tell their employees about it? Again, our survey gives some key pointers to this vital subject area.

This year we have also decided to include a small section on International Employee Benefits. Although the numbers of respondents is relatively small compared to the UK based survey, we felt it would nevertheless be instructive for the reader to have an insight into the challenges faced by organisations with employees based overseas.

All of our data was once again gathered via the hugely successful Jelf Employment Seminars. Delegates at our events were, in the main, Small to Medium Sized Enterprises (SME), typically with between 50 and 2000 employees. Yet our audience also included a healthy slice of delegates from large corporates, the not for profit sector, small employers, and some major Whitehall public sector departments. Geographically our survey covered employers from much of England and Wales – with responses from events in London, Manchester and Bristol..

All in all we think this is another useful and important survey, and one that we hope is of use to anyone engaged with the world of employee benefits.

Best regards

Steve

Steve Herbert
Head of Benefits Strategy
Jelf Employee Benefits

The 2015/16

Jelf Employee Benefits

Survey

Section 1: Current Pension Issues

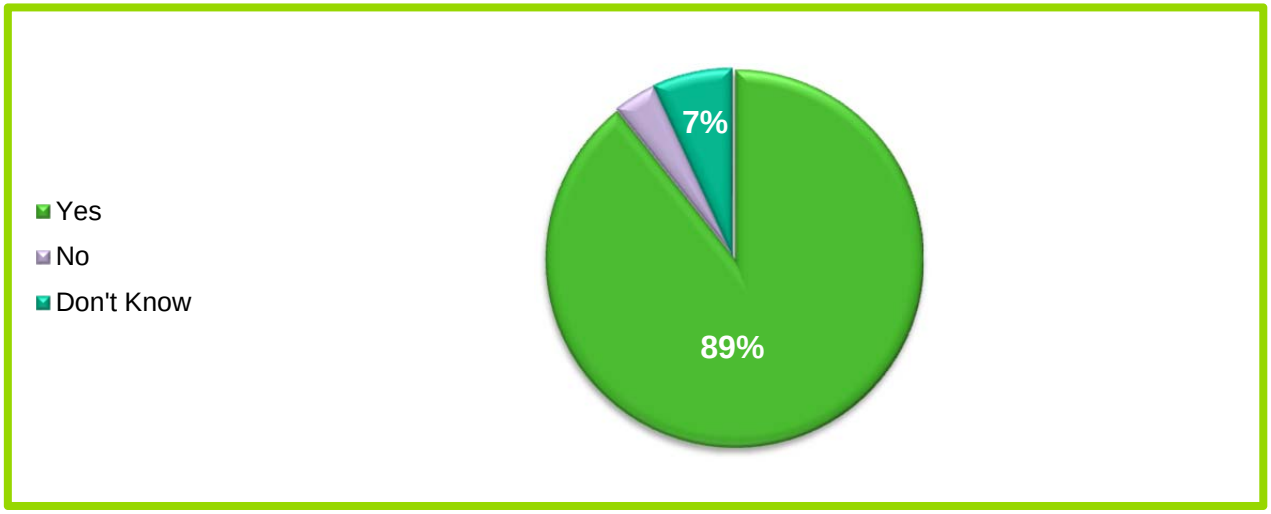
The world of corporate pension provision is rapidly changing, and this poses many and varied problems for employers of all sizes.

In this section we seek to highlight some of these issues and outline how employers view – and will react to – the key areas of legislative change.

Q1: Would you like to see an Independent Pensions Commission established to advise Government on policy decisions?

Answers:

- Yes 89.31%
- No 3.77%
- Don't know 6.92%



Survey dates and locations: London 13/07/15

The frequency and depth of political and Whitehall involvement in the UK pensions market has been increasing in recent years. Indeed, in successive Budget statements the Chancellor of the Exchequer has announced several major new initiatives - often in timescales that may be unrealistic and with no prior warning or consultation.

But pension legislation changes are not just the preserve of the Treasury. Over the last few years all of the following government departments have been involved in the decision making process around UK pensions:

- Office of Fair Trading (OFT)
- Financial Services Authority (FSA)
- Financial Conduct Authority (FCA)
- The Pensions Regulator (TPR)
- HM Treasury (HMT)
- HM Revenues and Customs (HMRC)

And of course…

- The Department for Work and Pensions (DWP)

It is of course right that such an important topic is constantly under scrutiny. After all, if the UK does not save enough for its collective old age (as has been the case in recent decades) then this will ultimately impact on the entire economy and prosperity of the nation.

Yet there have been some concerns that recent announcements have not been properly thought through, and worse may be driven by short-term political needs rather than increasing the level of long-term pension savings.

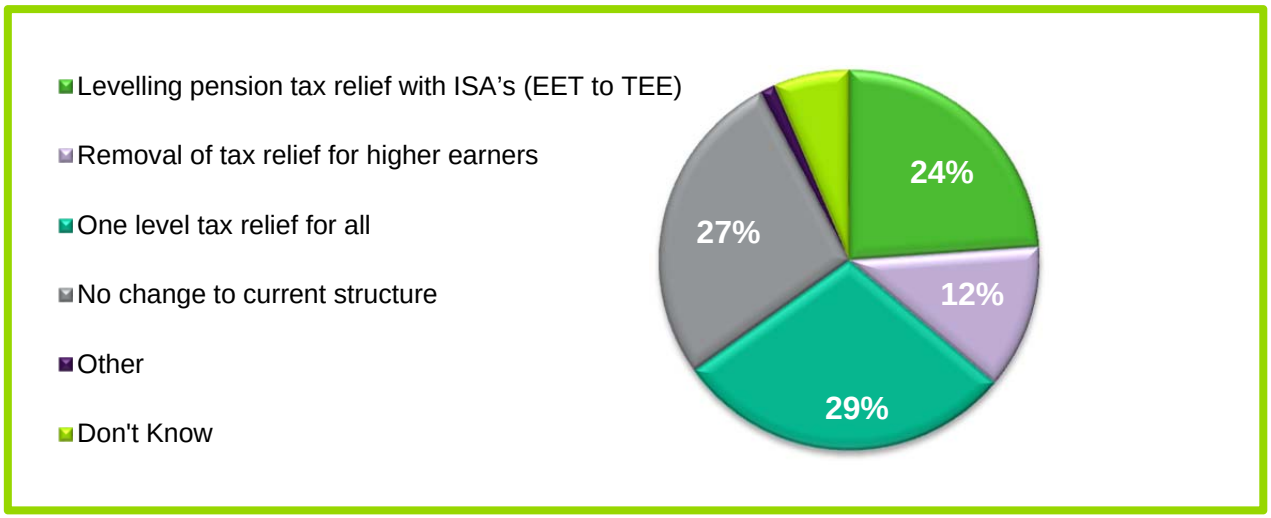
So it has been suggested that major pension policies should perhaps be distanced from direct political involvement. One way of achieving this would be to implement an Independent Pensions Commission (IPC), with a core committee drawn from experts across the political parties. This committee would also be better placed to take evidence from experts in all sectors to better join-up pensions planning.

Jelf Employee Benefits asked our audience if there were in agreement with such a proposal – and almost 9 in 10 of the audience were clearly in support of such an initiative. We hope that such a call from employers (and others) is heeded – so that the planning of this important topic is more carefully considered in the future.

Q2: As an employer, which of the following pension tax-relief options would you like to see once the current review is finalised?

Answers:

Levelling pension tax relief with ISAs (EET to TEE)	23.87%
Removal of tax relief for higher earners	12.26%
One level tax relief for all	29.03%
No change to current structure	27.10%
Other	1.29%
Don't know	6.45%



Survey dates and locations: London 13/07/15

Following the return of a majority Conservative government in the 2015 UK General Election, the Chancellor of the Exchequer (George Osborne) announced that a further Budget statement would be made in July 2015.

The challenge for Mr Osborne was setting out a credible five year plan, given that during the election campaign the Conservatives had pledged to pass a law preventing the government from increasing Income Tax, National Insurance, and Value Added Tax (VAT) during the term of the current administration.

Such a pledge means that the Treasury will have little choice but to look at other areas to generate taxation income and/or reduce government spending. Given that pensions are a major recipient of tax reliefs (estimated to be around £30bn every year) it was inevitable that the current pension tax relief system would form part of this review.

In addition to the above, there is also a valid concern that although the vast majority of the population will shortly be saving for a retirement pension as a result of Auto-Enrolment, the levels being saved are far too low to produce good outcomes.

So, in his summer statement, the Chancellor said;

"the truth is Britain isn't saving enough and that's something we need to fix in our economy too…

Pensions could be taxed like ISAs.

You pay in from taxed income – and its tax free when you take it out. And in-between it receives a top-up from the government.

This idea, and others like it, need careful and public consideration before we take any steps. So I am today publishing a Green Paper that asks questions, invites views, and takes care not to pre-judge the answer."

So it is clear that a major review of the pension tax relief system is now underway. A formal consultation paper has been issued, and this consultation concluded at the end of September 2015. Both the Chancellor and the consultation document were at pains to highlight that the result was not prejudged, yet the resultant outcome is likely to produce some change which will significantly benefit the Treasury.

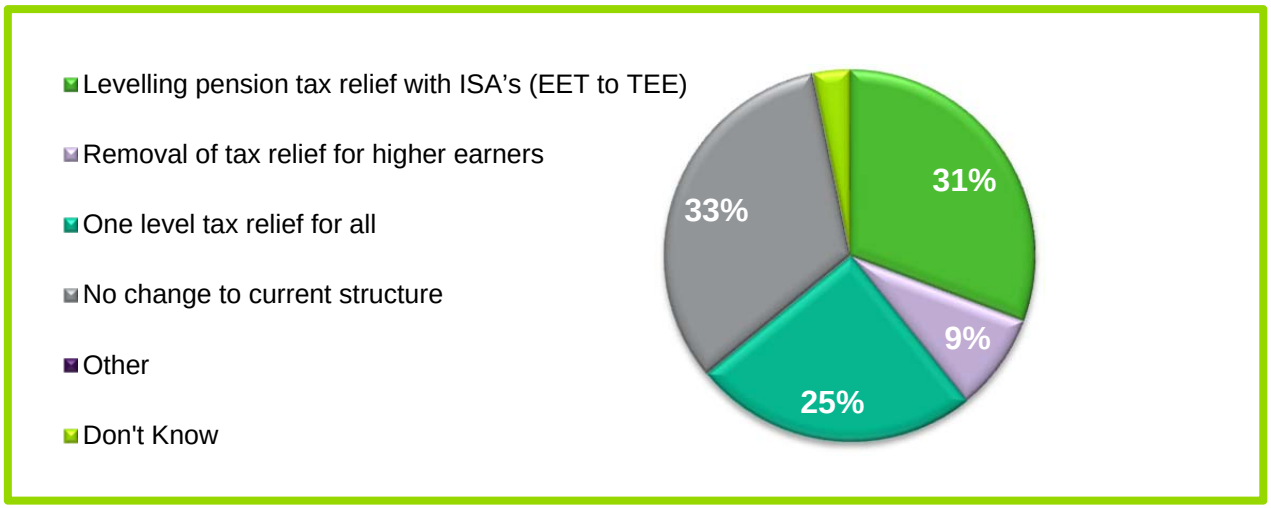
The level and shape of pension tax reliefs are of real importance to UK employers, as pensions remain the pivotal component of most benefit packages. So the outcomes of this consultation will be very significant to organisations of all sizes.

With this background, we asked our audience of employers which outcome they would like to see from the review. The poll produced no clear winner, although Mr Osborne's announced option of levelling pension and ISA tax reliefs (24%) was a little distance behind other options such as levelling tax relief in pensions for all savers (29%) or retaining the current structure unchanged (27%).

Q3: As an employee, which of the following pension tax-relief options would you like to see once the current review is finalised?

Answers:

Levelling pension tax relief with ISA's (EET to TEE)	30.72%
Removal of tax relief for higher earners	8.50%
One level tax relief for all	24.84%
No change to current structure	32.68%
Other	0.0%
Don't know	3.27%



Survey dates and locations: London 13/07/15

Following Question (2) above, we also took the opportunity to ask our audience the same question - but from a very different perspective.

Instead of viewing their response as an employer, we asked the audience to view the pension tax relief options as an employee (or perhaps saver would be a more appropriate terminology).

Interestingly the maintenance of the current tax relief structure was the most popular response, with a third of the audience (33%) favouring this option. This may suggest that the attractions of the current tax relief system are perhaps more appreciated by savers than the Government may otherwise feel.

Notwithstanding the above, another answer of interest is that the levelling of pension and ISA tax reliefs suggested by the Chancellor was attractive to 31% of the audience (a significant increase from the "employer" question where only 24% favoured this option). This does support the Chancellor's suggestion that levelling the tax-reliefs of the two products might encourage more savings.

It may also be significant that the number of "don't know" responses was much lower in the employee poll. This suggests that pensions remain an important topic for savers, even if the reliefs are not always fully understood or appreciated.

Jo Thresher Comment:

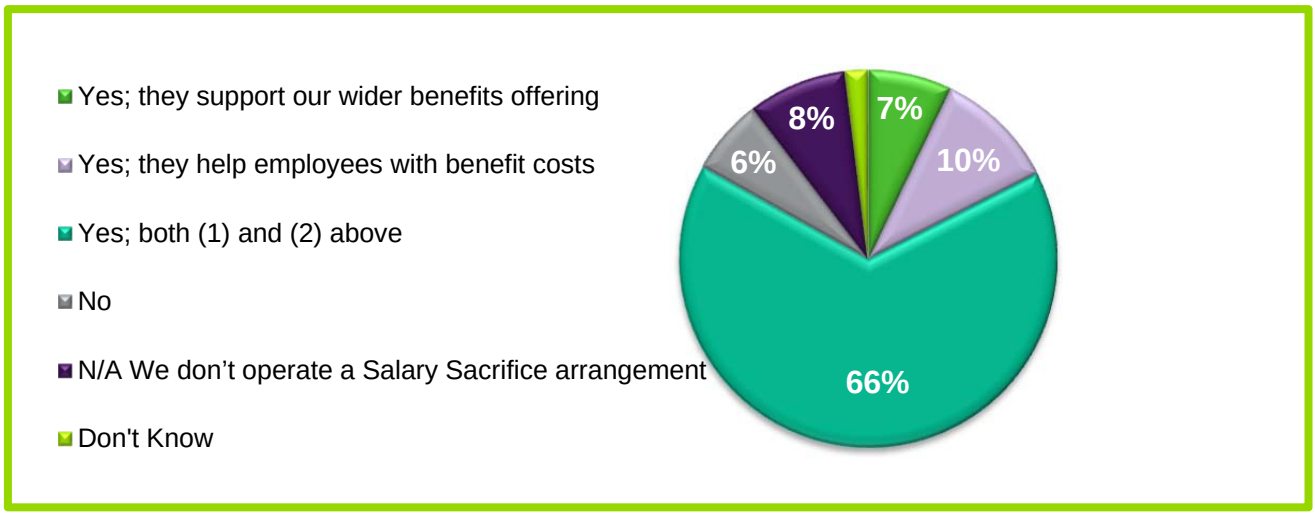
"The majority of employees find the current tax system difficult to understand, and in particular are not clear as to how it affects their pensions.

Whilst this can be a disincentive to save for some, we also understand that the many favoured a status quo rather than further confusion of a new system - even if a new system would ultimately be simpler."

Q4: As an employer, would you like to see the National Insurance savings inherent in Salary Sacrifice maintained?

Answers:

Yes; they support our wider benefits offering	7.14%
Yes; they help employees with benefit costs	10.39%
Yes; both (1) and (2) above	65.58%
No	6.49%
N/A We don't operate a Salary Sacrifice arrangement	8.44%
Don't know	1.95%



Survey dates and locations: London 13/07/15

Although not included in the summer 2015 Budget speech, the supporting document included the following text:

"Salary sacrifice arrangements can allow some employees and employers to reduce the income tax and National Insurance that they pay on remuneration. They are becoming increasingly popular and the cost to the taxpayer is rising. The Government will actively monitor the growth of these schemes and their effect on tax receipts."

From the above statement it is apparent that the Government are concerned about the escalating costs to the Treasury of employers using Salary Sacrifice arrangements. The inference is clear, that should such schemes create too much of drain on the Treasury, the Government will take steps to curtail this practice.

It is likely that such action would not take place until any changes to the pensions tax relief system (see questions (2) and (3) for more details) have been enacted, so there may be a few years grace on such proposals. It is also possible that changes to Salary Sacrifice may become unnecessary if the Government push on with a long-standing proposal to merge Income Tax and National Insurance.

Yet the National Insurance savings inherent in Salary Sacrifice are genuinely important to employers and employees. They enable benefit packages to become affordable, and reach a much greater population of employees than would otherwise be the case. It should be noted that increasingly employers in the public sector are utilising Salary Sacrifice savings as a method of enhancing their benefits offering during a period of serious financial constraint.

In total, 83% of our respondents would like to see this option maintained. This is an important finding that we would hope is considered by Government on this issue.

It is also significant that, of the employers questioned, only 8% did not utilise Salary Sacrifice for benefit provision. It follows that any changes in this practice would create significant work and costs for the vast majority of employers in the UK.

Jo Thresher comment:

"Salary sacrifice is a great way to get employees engaged with their benefits, and it can help them save money. When employees understand salary sacrifice they truly enjoy saving money this way."

Lee Coles comment:

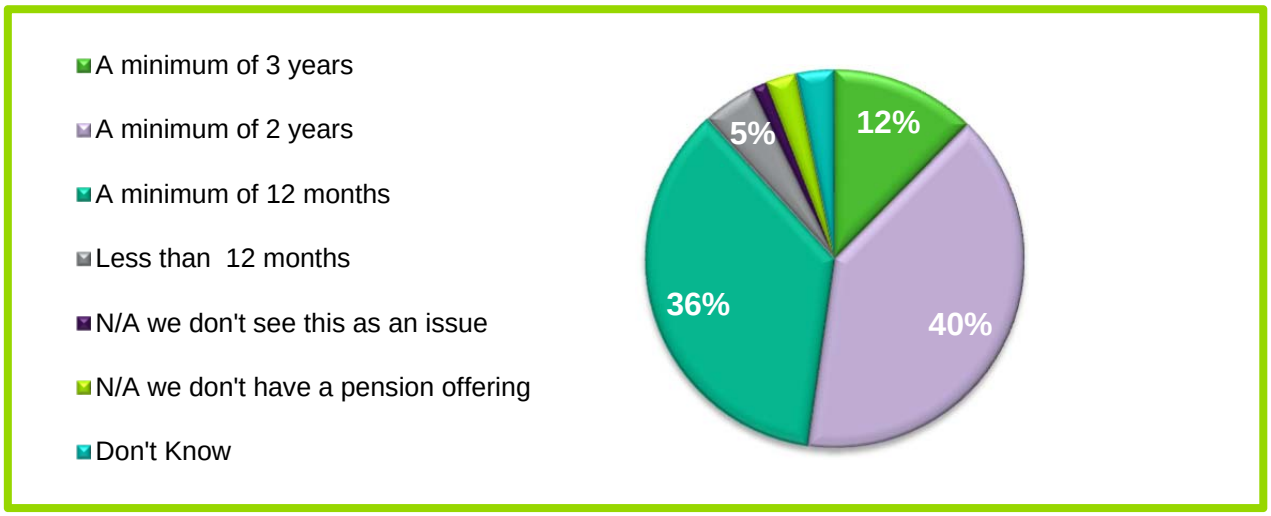
"I too hope salary exchanged pension contributions remain for the foreseeable future. It's also worth noting that employers who offer such a facility, and retain any accompanying National Insurance savings, may be pleasantly surprised by the potential commercial value of workplace financial education.

For employees who are approaching retirement, being made aware of the tax benefits of saving heavily into a pension, coupled with better accessibility to that money, has the potential to lead to hefty increases to the amount of salary they exchange. Imagine one employee sacrifices an additional £10,000 for one year after receiving better education on the pitfalls and opportunities pension freedom has brought; this would typically cover the cost of a day's education which could benefit a further 50 employees.

Q5: Should tax reliefs change, how much time would you ideally like to adapt current practice and communications to this change?

Answers:

A minimum of 3 years	12.42%
A minimum of 2 years	39.87%
A minimum of 12 months	35.95%
Less than 12 months	4.58%
N/A We don't see this as an issue	1.31%
N/A We don't have a pension offering	2.61%
Don't know	3.27%



Survey dates and locations: London 13/07/15

One of the features of recent legislation-led changes, and in particular Pension Freedoms and the outcomes of the pension charges consultation, has been the relatively short time-scales allowed for employers and the pensions industry to implement such new directives and communicate same to their employees.

Given that the pension tax reliefs consultation is likely to result in further change to the pensions market, and that the roll-out of Auto-Enrolment to employers will not be complete until 2018, Jelf Employee Benefits asked the audience how much time they would ideally like to comply with any new directives.

More than half of the employers questioned would like to see a minimum of 2 years to implement any changes. A significant minority of this grouping (12%) favoured a minimum three year window.

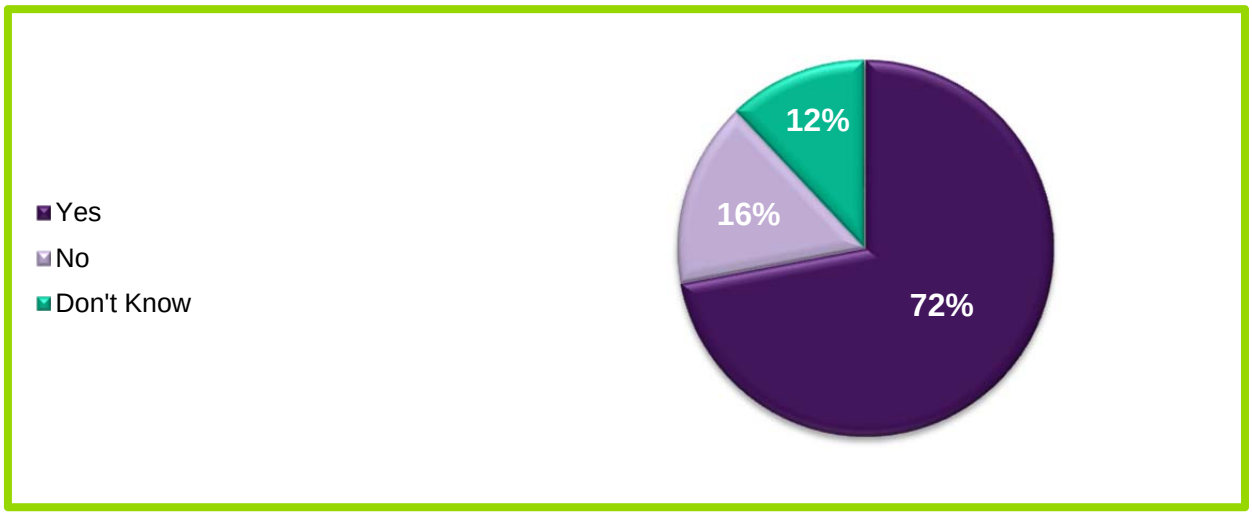
More than 1 in 3 (36%) of respondents felt that they would be able to fully comply with only a minimum of 12 months' notice. Only 6% felt this could be delivered in less than 12 months.

Taking the above findings in the round, the survey results suggest that a minimum period of 2 years to implement changes would be a prudent step for the Government when announcing changes in this space. It will be interesting to see if this is reflected in the actual timetable once the consultation response is known.

Q6: Would you like to see a cessation in pension legislation changes until the next parliamentary term (2020 – 2025)?

Answers:

- Yes 72.00%
- No 16.00%
- Don't know 12.00%



Survey dates and locations: London 13/07/15

The first half of the current decade has seen a seismic shift in pension and associated legislation in the UK, with Auto-Enrolment and Pension Freedoms changing the way that pension savings are both accessed and viewed by employer and employee alike.

These changes have presented many challenges to employers – even those that had previously offered a quality pension schemes for all employees. Administration, payroll, governance and communications have all been areas of work and sometimes significant cost for organisations seeking to comply with the new requirements.

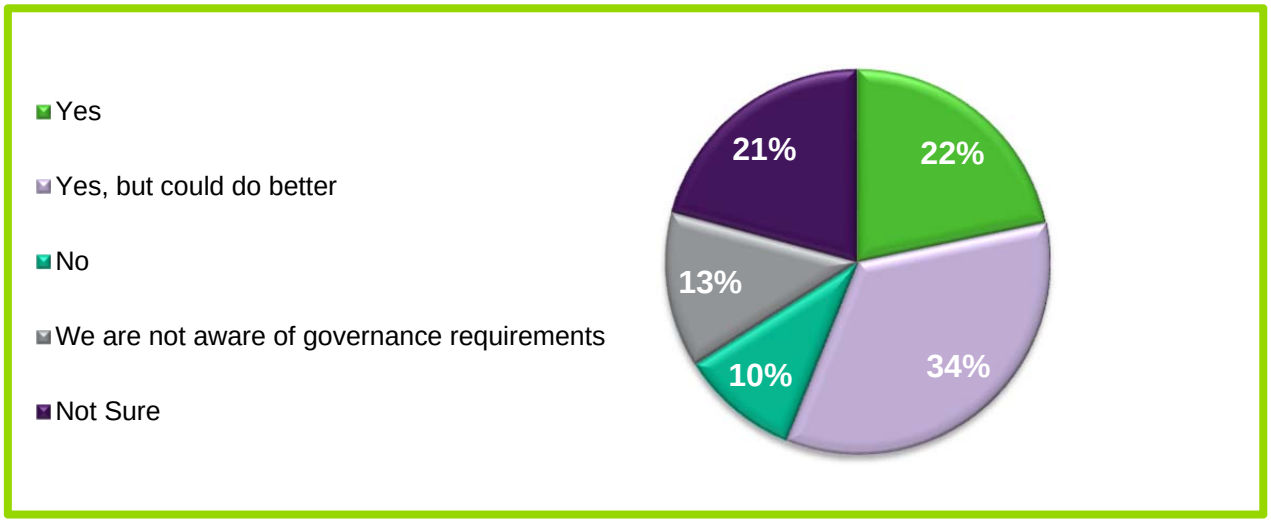
Given this background, we asked our delegates if they would like to see a short period of no change in this space. Unsurprisingly almost 3 in 4 employers (72%) favoured a cessation in any further legislation until the next administration period (2020 – 2025). Only 16% favoured the continuation of change.

It is clear that employers have had enough of constant change in this area, and it is be hoped that the Government heed this call to allow employers a respite from changes to pensions legislation so that they can focus on their core day to day business requirements.

Q7: Do you feel that your pensions governance is robust?

Answers:

Yes	21.72%
Yes, but could do better	34.39%
No	9.95%
We are not aware of governance requirements	13.12%
Not sure	20.81%



Survey dates and locations: London 19/05/15 & Manchester 25/06/15

As a direct result of Auto-Enrolment, all employers in the UK will shortly be supporting or fully sponsoring a company pension offering. As a result many more employers will now need to be sure that the company pension offering provides good outcomes for its members.

This duty will manifest itself in the form of improved governance. The Pensions Regulator is currently working on a more robust set of governance requirements for employers, although it is likely that this document will be delayed given recent changes such as *Pension Freedoms* and the tax-relief consultation document.

In the meantime we asked employers how good they felt their pensions governance currently was.

Only 1 in 5 (22%) felt their pension scheme governance was robust. This compared to more than a third of respondents (34%) who thought their governance could be improved, and 10% who were clearly unhappy with their current proposition in this space.

A significant number of delegates were either not aware of governance requirements (13%) or unsure as to how well their organisation dealt with this issue (21%).

The findings suggest that there is much work to be done in this area and any guidance or directives issued by the Regulator will need to be carefully considered by employers, particularly in light of recent legislation changes.

Jo Thresher comment:

"Governance should focus on member outcomes, and this may include a lack of understanding or knowledge among members which also needs addressing. This may require some initial hard work, but will result in happier, more engaged employees."

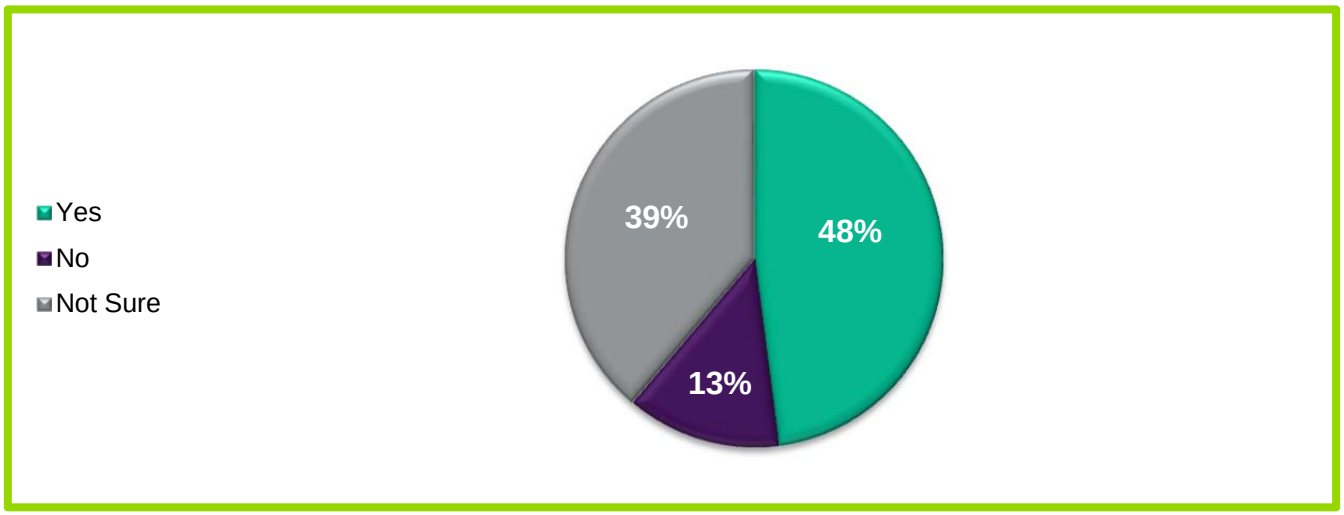
Mark Winstanley comment:

"Most companies implemented contract-based DC schemes in the past as there wasn't a requirement to govern the schemes as for trust-based schemes, so the result is not surprising. My question for those who feel their governance is robust is "How does your scheme measure up against the Pension Regulator's 31 Quality Features for DC schemes?"

Q8: Do you feel that improved governance can add value to your pension offering?

Answers:

- Yes 47.95%
- No 13.24%
- Not sure 38.81%



Survey dates and locations: London 19/05/15 & Manchester 25/06/15

The findings to the previous question (Q7) suggested that employers were not aware – or at least are a little unsure – of their pension governance duties. So it is encouraging that almost half (48%) of respondents to this question believed that improved governance could add value to the employers pension offering.

This indicates that employers may be willing to embrace the new guidance and/or requirements in this area once it is available from the Pensions Regulator. A promising sign.

That said, almost 4 in 10 (39%) were unsure that improved governance would add value to the pension offering. This suggests that the pensions industry and HM Government will have to better explain the value of good governance to employers if a sea-change in this key area is to be seen.

It therefore follows that this topic may dominate the pensions agenda once Auto-Enrolment and taxation changes have been dealt with.

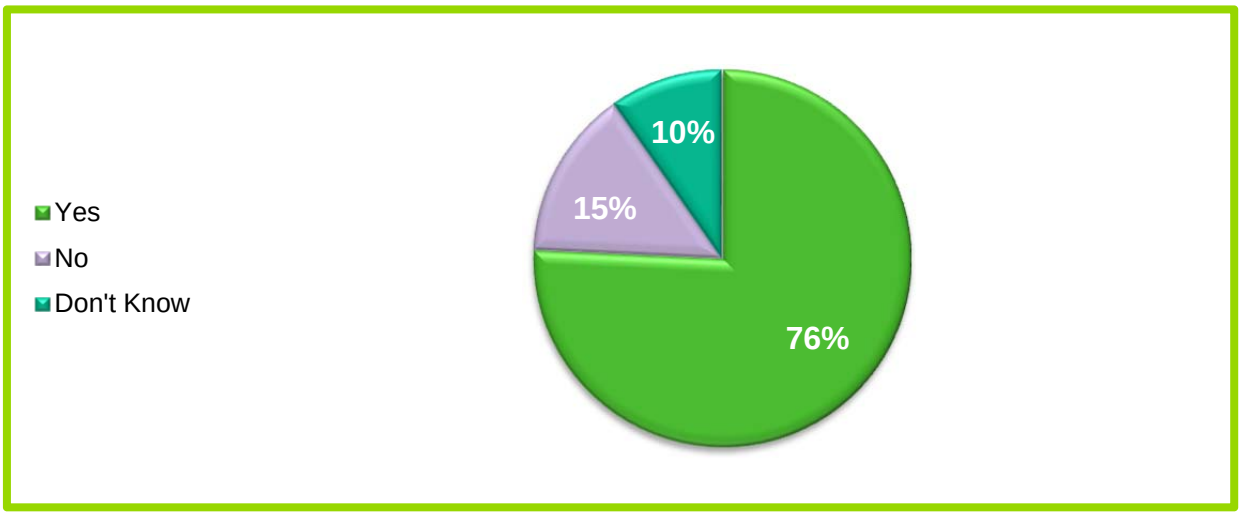
Mark Winstanley comment:

"It is worrying that less than half the respondents believe that improved governance can add value. Consider a DC scheme with 100 members where the employer is paying contributions which average £1,000 per member, therefore totalling £100,000 pa. Would that same employer not regularly review an annual spend of £100,000 on a non-pension expense to see whether it was offering good value?"

Q9: Do you think an increase to Auto-Enrolment minimum contribution levels should be made?

Answers:

- Yes 75.73%
- No 14.56%
- Don't know 9.71%



Survey dates and locations: Bristol 28/04/15 & London 12/02/15

One of the areas that will be high on the new Minister for Pensions "to do" list will be the forthcoming review of Automatic Enrolment (AE).

The previous Minister had publically said on many occasions that the contribution levels for AE would need to be revisited early in this parliamentary term – with the aim of legislating for such an increase to apply from (say) 2020 onwards.

So Jelf Employee Benefits thought it would be useful to see how employers felt about such a key change. This is particularly relevant as the minimum level of employer AE contribution is currently at 1% of relevant earnings, and this will increase to 3% by 2018. So do employers welcome a further change and/or increase to contributions in the near future?

Our survey revealed that more than 3 in 4 (76%) of employers thought that an increase in pension contribution levels should indeed be made. Only 15% of responders thought that no increase was necessary.

This does suggest that employers already recognise that the minimum legally prescribed level of savings is inadequate for most savers, and will perhaps be an encouraging sign for the legislators when they next consider this issue.

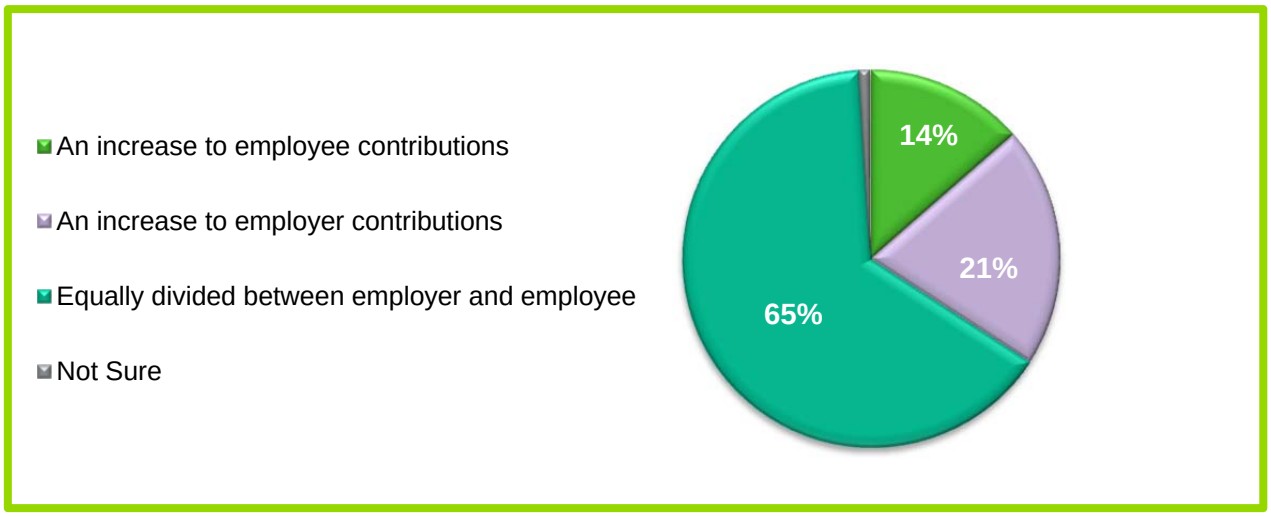
Jo Thresher comment:

"The current AE levels only work if you are constantly contributing into a pension from your early 20s and do not go on to need to replace high levels of income later in life. Therefore, if this is accepted, employers need to help their employees plan for suitable contribution levels. In turn, the Government needs to help employers plan with as much notice as possible as to when these higher levels will commence, not if they commence."

Q10: How do you think any future increase to AE minimum contribution levels should be applied?

Answers:

- An increase to employee contributions 13.57%
- An increase to employer contributions 20.60%
- Equally divided between employer and employee 64.82%
- Not sure 1.01%



Survey dates and locations: Bristol 28/04/15 & London 12/02/15

As can be seen from the responses to (Q9), employers appear to appreciate the need for minimum saving levels under Auto-Enrolment (AE) to increase to ensure good outcomes for savers.

That said, where should this increase in savings come from – the employer or the employee?

The Jelf Employee Benefits survey reveals that employers are willing to absorb some of this extra cost burden. More than 85% of respondents suggested that this increase should be borne in part, or entirely (21%) by employers.

Just 14% of respondents thought that the increase should be applied only to the employee element of pension contributions.

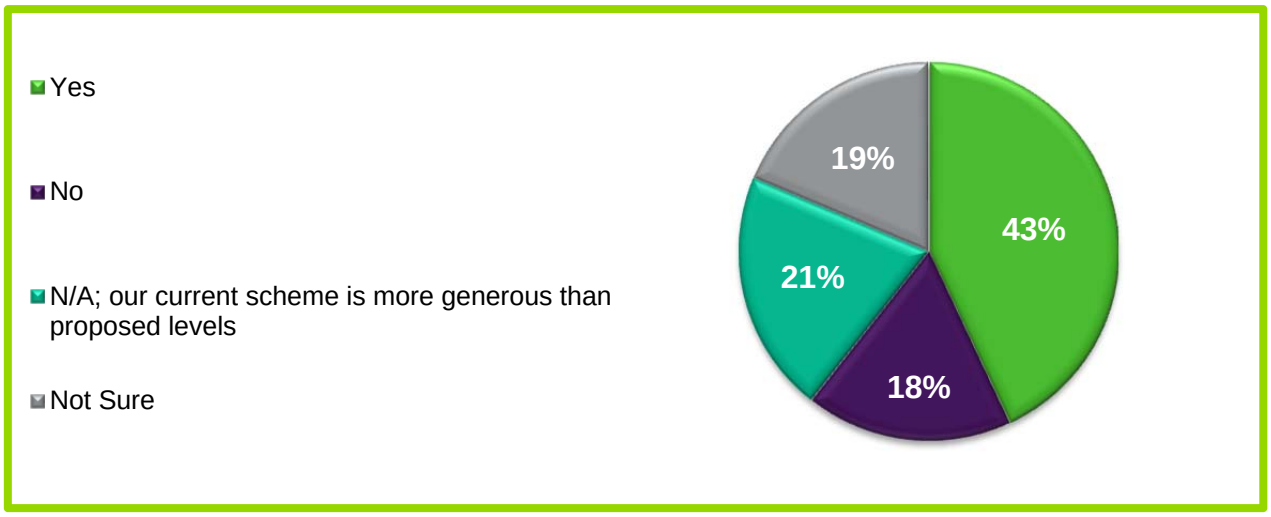
These findings are something of a surprise, particularly as many employers are yet to reach their staging date for Auto-Enrolment duties, and a significant proportion of those who have already staged are not yet at the full contribution rate. Despite this employers seem accepting of the need for further contribution increases in the medium-term.

It is encouraging that employers continue to see the benefits of offering a quality pension scheme to their employees, and this provides good evidence that organisations will be willing to continue to support pensions into the future.

Q11: Will you consider smoothing the cost of increased Auto Enrolment contributions by taking early action?

Answers:

Yes	43.01%
No	17.62%
N/A; our current scheme is more generous than proposed levels	20.73%
Not sure	18.65%



Survey dates and locations: Bristol 28/04/15 & London 12/02/15

As can be seen from the responses to Q9 and Q10 above, employers are accepting of the need to increases the auto-enrolment minimum contribution levels, and indeed 85% of respondents felt that some or all of that increase should be borne by the employer.

So, if such an increase is likely to happen, will employers seek to wait until the day of compliance, or would they be willing to smooth the cost increase by voluntarily increasing the employer contributions in the period leading up to the change?

More than 1 in 5 employers (21%) did not see this as an issue, as their combined contribution rate was already in excess of the 12% of relevant earnings being widely rumoured as the new minimum level.

Of the rest, more than 4 in 10 (43%) would look to smooth the increase contributions in advance of the legislation deadline – yet more evidence of employers voluntarily continuing to support pension savings over and above the minimum legislation requirements.

It is again encouraging that employers are willing to consider pragmatic solutions to further legislation dictates. This perhaps demonstrates that employers are now more likely to react quickly to changes in legal minimum pension provision for employees. Employers - many of whom struggled to meet their initial Automatic Enrolment duties - may now have learned the lesson that forward planning is really important in group pension provision.

The 2015/16

Jelf Employee Benefits

Survey

Section 2: Other Employee Benefits

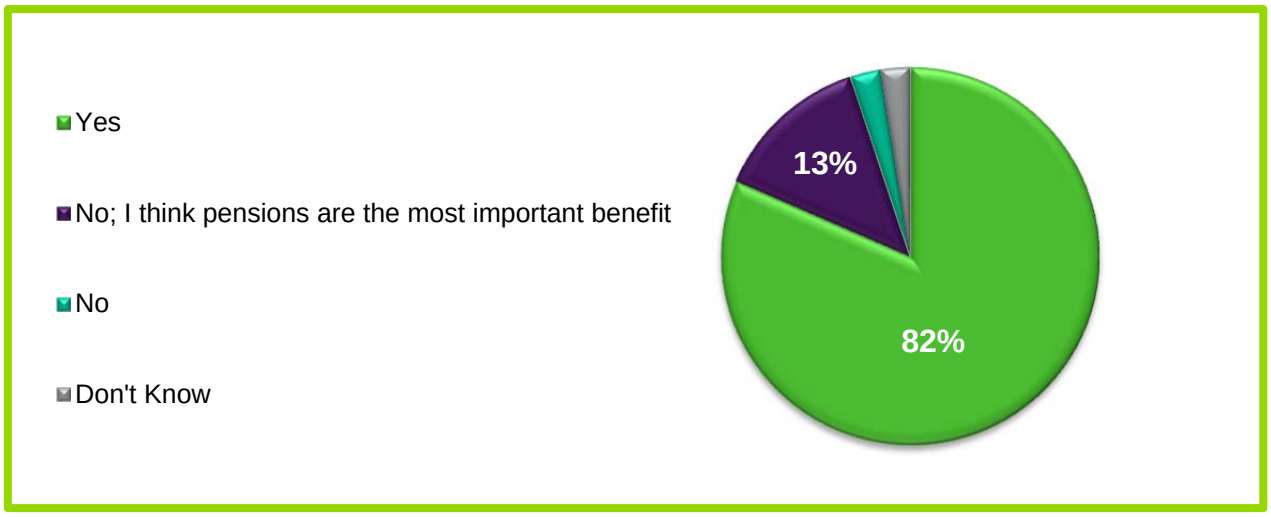
Group pension provision receives the lions-share of Employee Benefits media coverage – yet the many other components of a benefits package are of equal or greater importance to both employers and their employees.

In this section we shine a light on wider employee benefits offerings and the key changes that are impacting the provision of such benefits.

Q1: Would you like to see wider media and Government interest in employee benefits other than pensions?

Answers:

- Yes 81.53%
- No; I think pensions are the most important benefit 13.38%
- No 2.55%
- Don't know 2.55%



Survey dates and locations: London 13/07/15

Employee Benefits offerings by UK organisations are many and varied – and often supply a range of important services and protections to employees who would otherwise not be reached by other methods.

Yet it appears that media and political interest centres on only one component of such benefits offerings – that of company sponsored pensions.

Whilst pensions are indeed very important, this slightly blinkered approach may be detrimental to the other positives of employee benefits. So it was interesting to note the responses from employers to the above question.

More than 4 in 5 employers (82%) would like to see a wider interest in other employee benefit elements. This suggests that employers have sought to offer a diverse offering of key benefits to their staff, and would like their employees to better understand and appreciate such benefits.

That said, a significant minority (13%) felt that pensions were the most important benefit, and therefore the focus of media and politicians should remain there for the time being.

It is to be hoped that both the media and politicians can and will move the conversation to also embrace other benefit issues during the current administration. In the meantime employers would be well advised to continually revisit their own benefit communications to ensure that all employees value and utilise the benefits currently on offer.

Peter Matthews comment:

"This highlights and reflects the changing preferences of the generation Y employees (born in the mid 80's to mid 90's) who put great value on a strong benefits package. Gen Y rely on the workplace as an important source of benefits information, preferring (contrary to the online assumption) a personal delivery to access information such as costs, cover, and understanding of what they need."

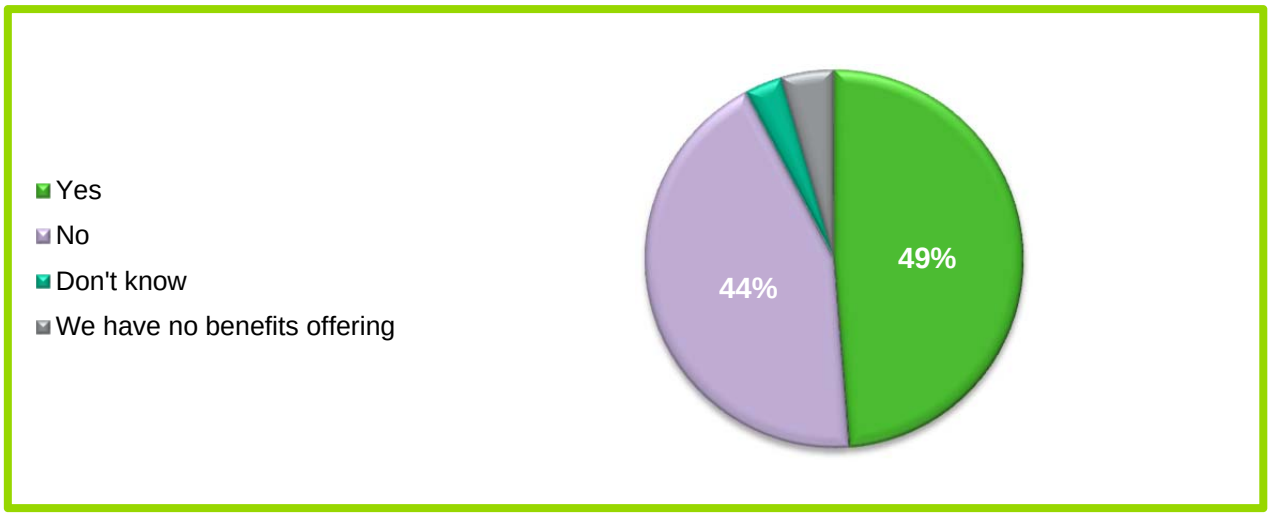
Iain Laws comment:

"While retirement income planning is undoubtedly a key issue for employee, employer and the state, we would welcome a commensurate level of focus on health due to the already significant and growing impact on personal, organisational and economic productivity."

Q2: Does your organisation provide regular updates to employees on the employee benefits offering?

Answers:

- Yes 48.70%
- No 43.51%
- Don't know 3.25%
- We have no benefits offering 4.55%



Survey dates and locations: London 13/07/15

The key to a successful and relevant employee benefits package is good communications. Put simply, if employees don't know benefits are there, don't know how to utilise them, or don't realise the full extent of the cover and support available, then they won't value or use the benefits package either.

Our survey reveals that less than half (49%) of employers are providing regular updates to their employees on their benefits offering, with 44% providing no such reminders to their workers. Rather worryingly this is almost a mirror image of the 2014 survey results on this topic (48% and 42% respectively). There has therefore been very little progress in this area by employers in the last 12 months.

Jelf Employee Benefits' message to employers here is clear – to maximise the return on your benefits spend you must regularly and effectively communicate the benefits package to all employees. There are many cost-effective methods of communicating the benefits package, and all are likely to be significantly less expensive than the recruitment process to replace employees that leave the business.

We would urgently encourage employers to review their practices in this area.

Richard McKinley-Price comment:

"Communicating regularly is important, but just as important is ensuring that those communications are targeted and relevant."

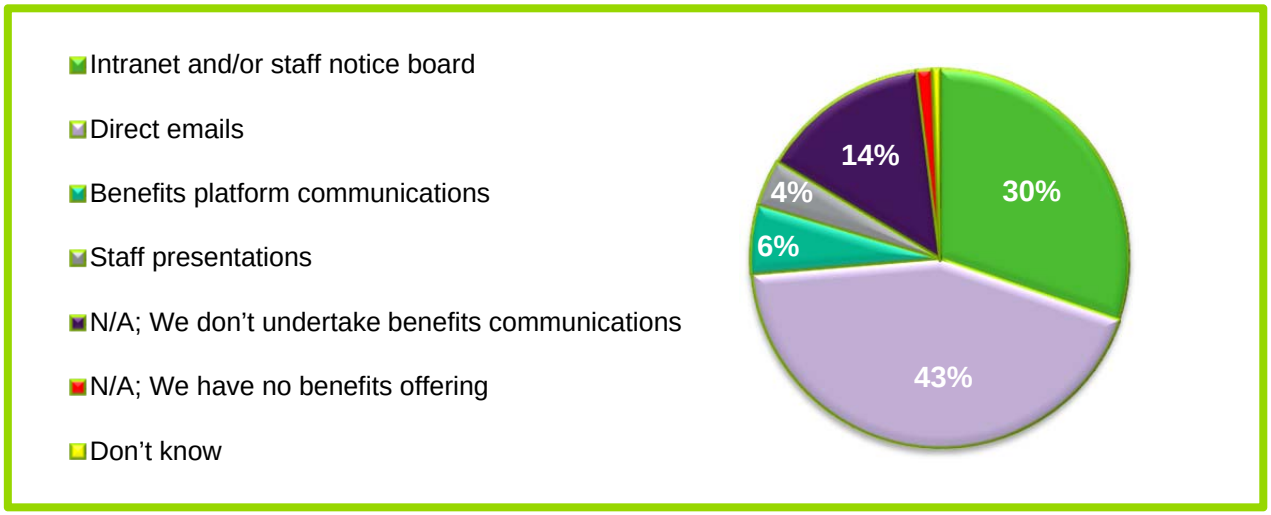
Peter Matthews comment:

"Benefits communication is a clear opportunity for employers to engage with their employees who, equally, have a desire to know more about and understand the value of the benefits offered to them. The effectiveness of the delivery of communication will result in greater appreciation and understanding of the benefits and a more loyal, engaged and productive workforce."

Q3: What form do your principal employee benefit communications take?

Answers:

Intranet and/or staff notice board	30.26%
Direct emails	43.42%
Benefits platform communications	5.92%
Staff presentations	3.95%
N/A; We don't undertake benefits communications	14.47%
N/A; We have no benefits offering	1.32%
Don't know	0.66%



Survey dates and locations: London 13/07/15

As we established in Q2, communicating the benefits package to employees is the key to usage, value, and indeed a return on investment for the employer.

So what methods do employers currently favour for their principal benefit communications?

By far the most popular route was direct emails to employees, with more than 4 in 10 (43%) responders in this grouping. This method benefits the employer by creating an audit-trail that at least ensures every employee has received the communication, although it would be interesting to establish how many organisations also check to ensure that the communications have actually been read and understood by the employees targeted.

The employer's Intranet (and/or staff notice board) was favoured by just under a third of employers (30%).

The next closest positive responses were Benefits Platform communications (6%) and staff presentations (surprisingly only 4%).

All of the above methods are acceptable communication methods; with the better employers utilising two or more methods to ensure the message is always delivered and fully understood.

Of genuine concern was the number of employers with a benefits offering but no supporting communications at all (14% of respondents). We would suggest that these employers should urgently review their offering and communications to achieve the maximum returns from the benefits package.

Richard McKinley-Price comment:

"Whilst electronic communications are clearly cheaper and therefore far more popular, employers shouldn't lose sight of the value of face to face communication and education that allows employees to interact and therefore become more engaged. "

Peter Matthews comment:

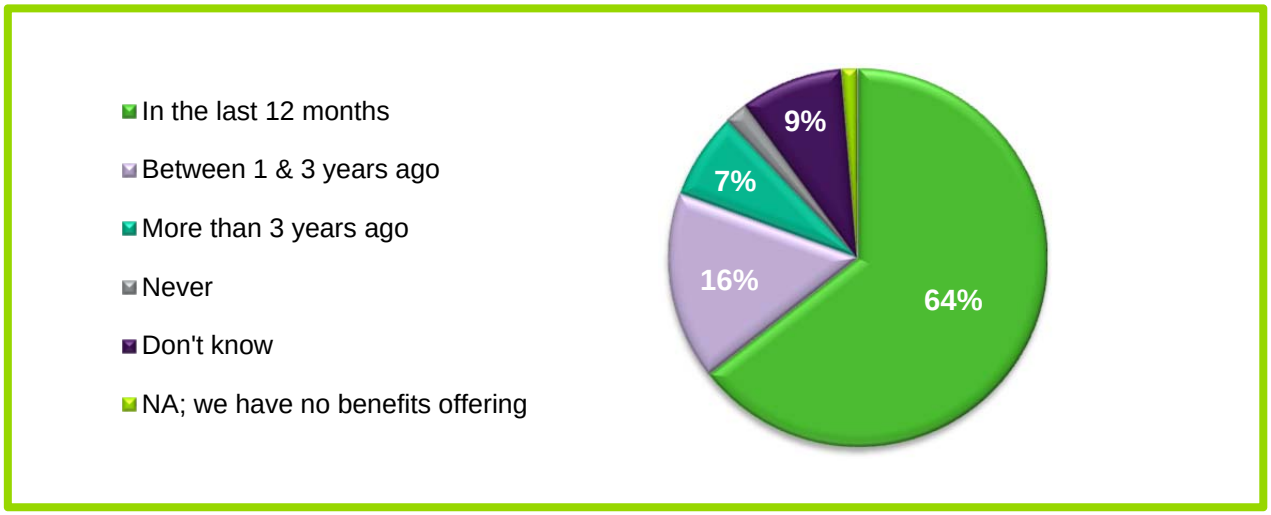
"It's interesting to see that the majority of employer benefit communications are delivered and accessible via on-line media (maybe with the perception that this is what employees want?).

Access to information via a Benefits Platform is important, but our experience suggests that this should be joined up with a more personal and interactive communication, enabling employees to ask questions and really drill down to the detail of costs, cover and understanding of what is offered and what they need. Ideas such as informal, relaxed lunch and learn presentations, workshops or webinars (with the opportunity to interact and ask questions) are proving to be popular."

Q4: When was the last time that your organisation reviewed your employee benefits offering?

Answers:

In the last 12 months	64.43%
Between 1 & 3 years ago	16.11%
More than 3 years ago	7.38%
Never	2.01%
Don't know	8.72%
NA; We have no benefits offering	1.34%



Survey dates and locations: London 13/07/15

With so much change happening in the world of employee benefits at present (for instance Fit for Work, changes to childcare provision and of course pensions) it is increasingly important that employers regularly review their benefits offering to ensure that it remains relevant and value for money.

Pleasingly this message now appears to have been accepted by employers, with a healthy 64% of responders having reviewed their benefits package in the last 12 months.

Of the rest, 16% have reviewed their offering within the last three years.

Only 2% had never undertaken a review, and it is to be hoped that participation in this year's survey will encourage these organisations to look again at their benefits offering.

Richard McKinley-Price comment:

"Employers should ensure that they consult staff regularly when reviewing their benefits to help ensure that what they offer remains relevant and interesting to employees."

Peter Matthews comment:

"Pensions is the topic hogging the limelight, time, and attention of most employers. Nevertheless it's clearly important to regularly assess and review the benefits you are providing – and not just to consider the costs.

With the retirement (or not!) of the baby boomers, younger employees needs have changed rapidly over the last few years. There is more emphasis on choice, flexibility and softer benefits such as childcare support, season ticket loans, financial education/ awareness and occupational health and wellbeing support."

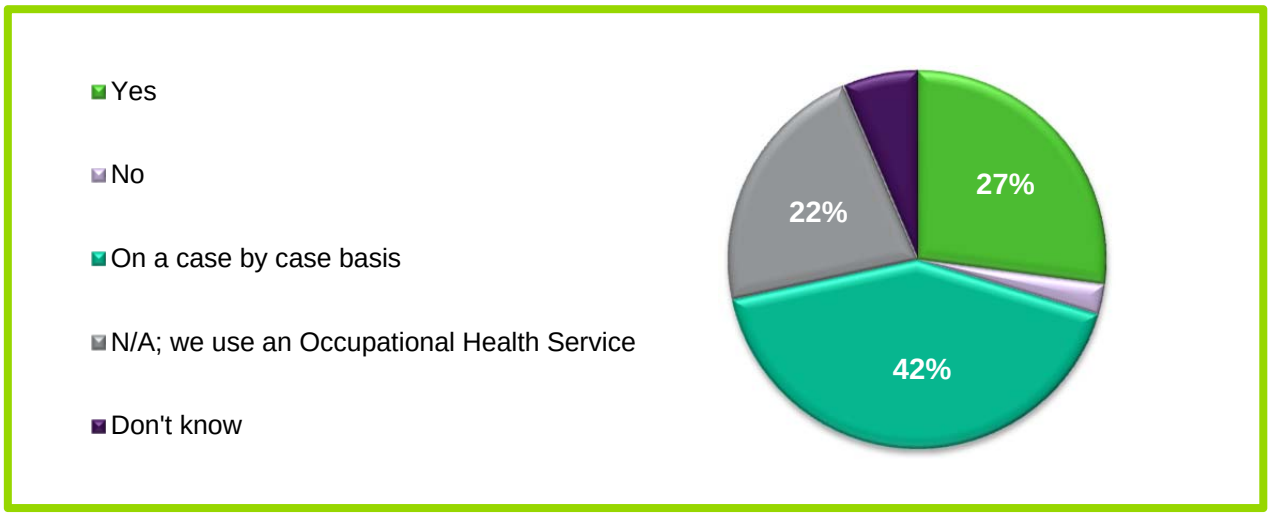
Iain Laws comment:

"The employee benefits market is changing rapidly with a diversifying workforce bringing new and wider expectations, significant supplier consolidation and a whole raft of new and innovative benefits options. Regular review of benefits provision and plan design against strategy and requirements is an essential activity to maximise employee engagement and value."

Q5: Will you be signposting absent employees towards Fit for Work in the absence of GP referrals?

Answers:

Yes	27.10%
No	2.58%
On a case by case basis	41.94%
N/A; we use an Occupational Health Service	21.94%
Don't know	6.45%



Survey dates and locations: London 13/07/15

Absence from the workplace through illness has long been recognised as a major cost for UK business, the wider economy, and (of course) the absent employee and his/her family. As a result, the Sickness Absence Review was commissioned in 2010 to look at how such costs could be curtailed and controlled.

One of the findings of the review is that very few smaller organisations have ready access to Occupational Health services, and as a result many short-term absences became long-term illness owing to the lack of an early intervention. This problem has been addressed by the introduction of the new Fit for Work service. This service will undertake an assessment of the absent employee and recommend any interventions that might help speed a return to work. The trials of this service were very successful, and it is to be hoped that the national roll-out will equally make a difference to absence rates.

The eventual aim is that referrals to the service can be made by the family GP, the employee, or the employer (the latter after 4 weeks absence). Yet the key expectation is that the family doctor will be the principal referral route in the early years. However evidence from another recent initiative in this space (the Fit Note) does not suggest that GPs will quickly or readily engage with this process. So, in the hiatus that will occur before doctors understand and use this service, will employers tell their absent employees about this service and encourage them to initiate a referral via the GP at the earliest opportunity?

Our survey findings show that nearly 7 in 10 employers (69%) will be willing to do this for some or all of their absent cases. This is very encouraging, and may help the service get off to a good start. This same dynamic may also result in more employers adopting Fit for Work as a core part of their absence management processes in the future.

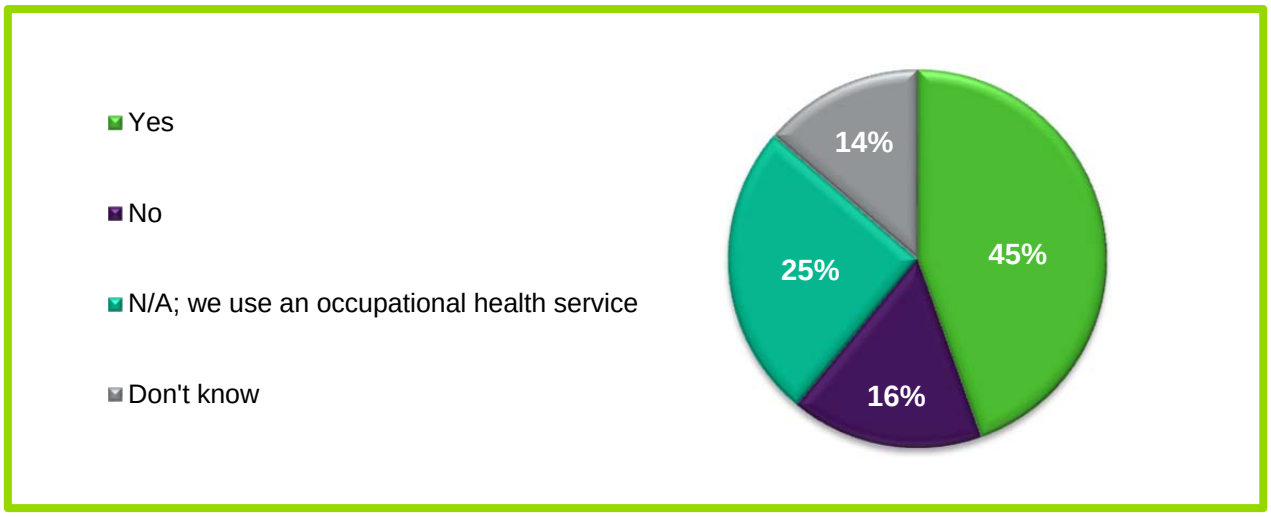
Other responses included 22% of employers who operate an Occupational Health Service. These organisations will almost certainly be better served by utilising their existing service, as such arrangements are largely bespoke to the needs of the employer and employee.

Only 3% of employers would not undertake such a signposting, which may be a very positive sign for the service as it moves towards the next stage of the national roll-out.

Q6: Will you be communicating details of the Fit for Work service to employees in the next 12 months?

Answers:

- Yes 44.52%
- No 16.44%
- N/A; we us an Occupational Health Service 25.34%
- Don't know 13.70%



Survey dates and locations: London 13/07/15

As has already been seen in our responses to Q5, there appears to be much willingness amongst employers to engage at an early stage with the new Fit for Work service. We therefore asked our delegates if they would be issuing a company-wide communication regarding the new service to ensure that all employees were aware of the service, it's aims, and how to access it if needed.

Once more the signs are encouraging. 45% of respondents intend to follow this course of action, with only 16% set against this policy.

It will be interesting to see how organisations react now employer referrals (after 4 weeks) are available, but the early signs are that employers are keen to utilise this new, much delayed, service.

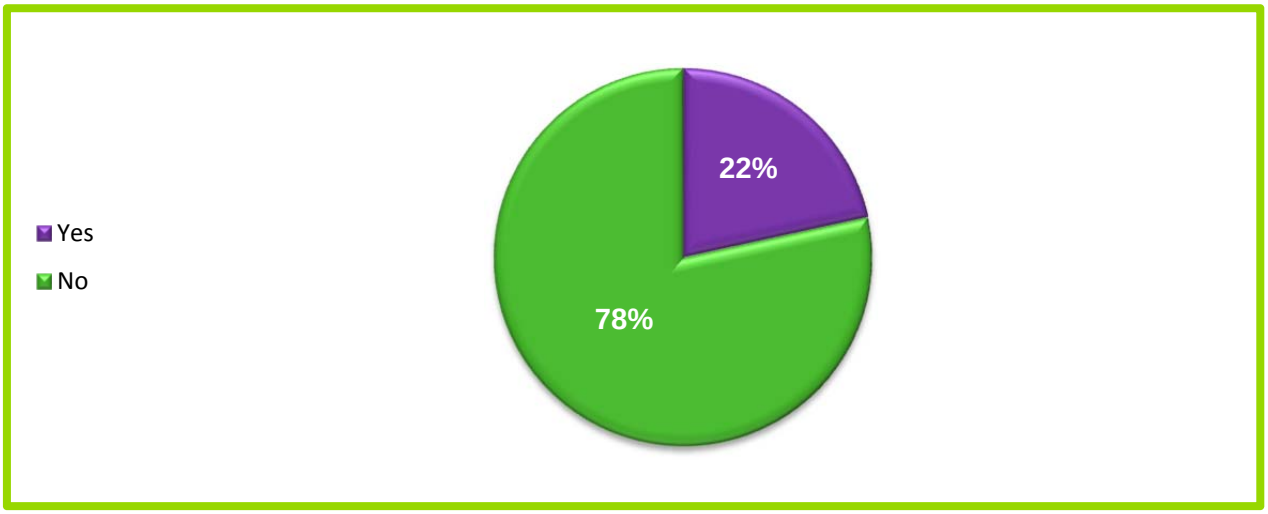
Iain Laws comment:

"Fit For Work is a valuable initiative and employers should use this change as an opportunity to engage employees on their whole absence management process and any employee benefits and services that provide direct support."

Q7: Did you know that many Death in Service lump sum benefits count towards the Pension Lifetime Allowance limit?

Answers:

- Yes 21.58%
- No 78.42%



Survey dates and locations: Bristol 28/04/15, London 19/05/15 & Manchester 25/06/15

In his March 2015 Budget statement the Chancellor announced a major reduction to the pension Lifetime Allowance (LTA) level. The Lifetime Allowance is effectively the maximum amount of tax relieved savings that an individual can build up over their lifetime. Exceeding the LTA can lead to some significant tax penalties.

To avoid such penalties being imposed on the majority of savers, the Lifetime Allowance was set at a high level when introduced in 2006, and was increased further to a high of £1.8m. However, recent Budget announcements have successively reduced the LTA to a low of only £1m from April 2016.

On the face of it this may appear to have nothing to do with benefits other than pensions, but this overlooks the reality that often benefits payable under a Group Death in Service scheme will count towards the lifetime maximum.

This hidden connection to the world of pension savings may start to bite after April next year. Lump sum payments for higher paid employees are often now set at multiples of 4, 8 or even 10 times salary. It is likely that some such payments will, by themselves, use up most or all of the Lifetime Allowance limit in the event of a members death.

So in a worse cast scenario, a family bread-winner will die, and their dependent chooses to take the pension as a lump-sum benefit, the payment will absorb most of the LTA, with the resulting pension benefits only being returned to the deceased's family after a significant reduction in taxation.

As mentioned earlier, this issue is not widely understood by employers. Our survey evidenced that more than 3 in 4 responders were unware of this important issue. We would urge all employers with Group Life policies to review their employee's exposure to this important issue.

Jo Thresher comment:

"We have found that many employers feel that Lifetime Allowance issues are down to the employee to address. This may be the view on paper, but when presented with the real life scenario of a death in the workplace, will the employer still feel the same?

Simple workplace financial education sessions on a one to one basis at this level are inexpensive for the peace of mind they can give a valued member of staff."

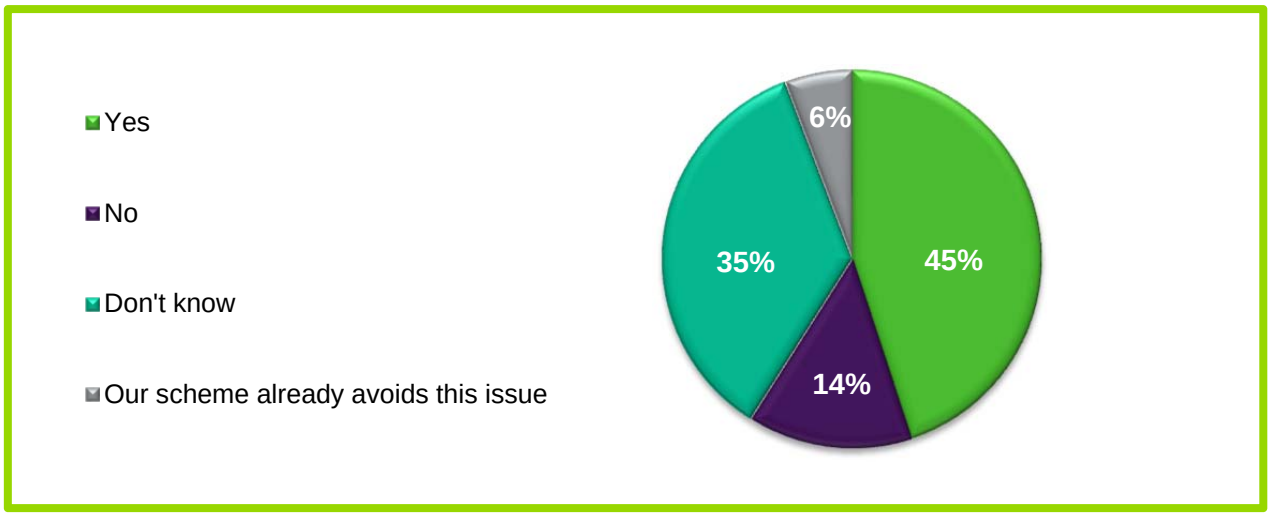
Iain Laws comment:

"The sole purpose of death in service benefits is to provide employees and their families with security should the worst happen. The on-going reductions in LTA mean it is essential that employers at least inform their employees of the rules and examine the suitability of the available plan designs to mitigate the application of LTA, and at best provide employees with access to guidance to help understand their individual situation."

Q8: Now that you are aware of the Lifetime Allowance issue, will you review your Death in Service schemes to avoid this issue?

Answers:

Yes	44.96%
No	14.03%
Don't know	35.25%
Our scheme already avoids this issue	5.76%



Survey dates and locations: Bristol 28/04/15, London 19/05/15 & Manchester 25/06/15

As mentioned in Q7, the further reduction to the Lifetime Allowance (LTA) will increasingly impact savers who have high earnings and are covered for a multiple of salary under many Death in Service schemes.

Having alerted our delegates to this issue, we asked how many would now take action to ensure that Death in Service benefits would avoid counting towards the LTA limit.

It is encouraging that 45% of responders now intend to look into this issue. A further 6% are already aware of this problem, and have restructured their Group Life assurance scheme accordingly.

We would recommend that those in the "don't know" grouping undertake an urgent review to see if this will be an issue for any of their staff.

Jo Thresher comment:

"Only 6% of people believed that their scheme avoided this issue. Do the key employees understand these rules and how it affects them, either now or in the future?"

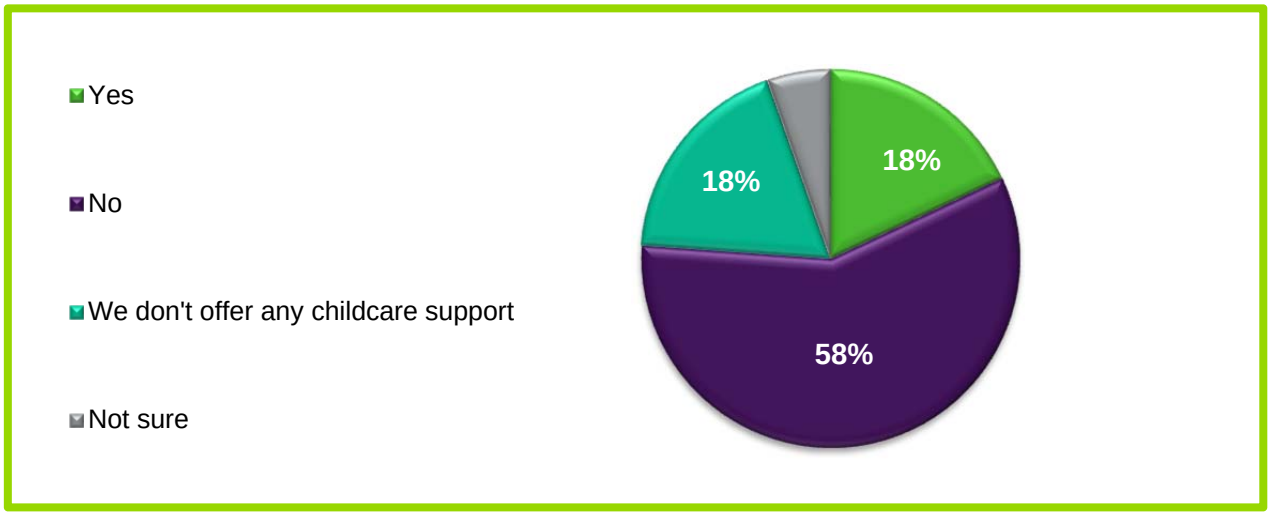
Iain Laws comment:

"The availability of Excepted group life assurance schemes provides employers with the potential to prevent the LTA application creating nasty surprises, but these require care and expert advice to ensure they are compliant with HMRC regulations."

Q9: Have you communicated changes to employer sponsored childcare to your employees?

Answers:

Yes	18.02%
No	58.11%
We don't offer any childcare support	18.47%
Not sure	5.41%



Survey dates and locations: London 19/05/15 & Manchester 25/06/15

Childcare costs are a major problem for working parents in the UK, with costs escalating way beyond the average pay-award level year on year for the last decade.

As a result, it is becoming increasingly apparent that some parents are financially better-off by leaving the workplace. This may mean employers losing experienced and fully trained employees, with the obvious cost implications to the organisation.

These problems were first recognised by the previous Labour government, who introduced childcare vouchers as a way of offering some valuable state financial support to working parents. The initiative was not without its problems however, with a key issue being that parents could only access this financial aid if their employer actively provided a Childcare Voucher scheme. This, and other issues, has resulted in a new proposal know as Tax Free Childcare.

Tax Free Childcare has been much delayed, and is now scheduled for launch in "early" 2017. Until that date employees can continue to use Childcare Vouchers.

Although Tax Free Childcare is potentially significantly more generous (up to £2,000 of state support per child, per year) than Childcare Vouchers, it does not always follow that this will provide the most benefit. Indeed, anyone with only a modest monthly spend on childcare is likely to be better off with the current Childcare Voucher system.

It should also be noted that Tax Free Childcare will not be available to a two parent family unless both parents actively work – whereas Childcare Vouchers can be used where only one parent is in employment. There are some other differences also, but the above demonstrates that Tax Free Childcare may not always be the better option.

The bottom line is that each family unit will have to assess which option is better for them. If Childcare Vouches is the better choice (and for many it will be), they will need to join that scheme before Tax Free Childcare begins. After that date they will be restricted to only the new offering.

The real problem is that most working parents are unaware of this issue, and many may miss out on the better benefit level as a result. Jelf Employee Benefits have therefore been encouraging employers to communicate this issue to employees over the last two years, and it is welcoming news that almost 1 in 5 employers (18%) have taken the initiative and already told their employees about this change.

A more worrying statistic is that a further 18% of employers don't actually offer Childcare Vouchers currently. There may be some valid reasons for this, but we would encourage employers in this category to review this decision again to provide some state financial assistance to working parents.

Jo Thresher comment:

"Given that the average working parent will not benefit as much from the new system as they do the old, this could be a retention tool for a caring, active employer. Childcare vouchers could mean the difference between an employee returning – or not returning - to work. The bottom line is that most parents return to work to earn money – and this benefit is a significant help in that aim.

To fully engage working parents employers need a well thought-out policy, but it must include the financial side of wellness and engagement as this is a time when money is at its most precious."

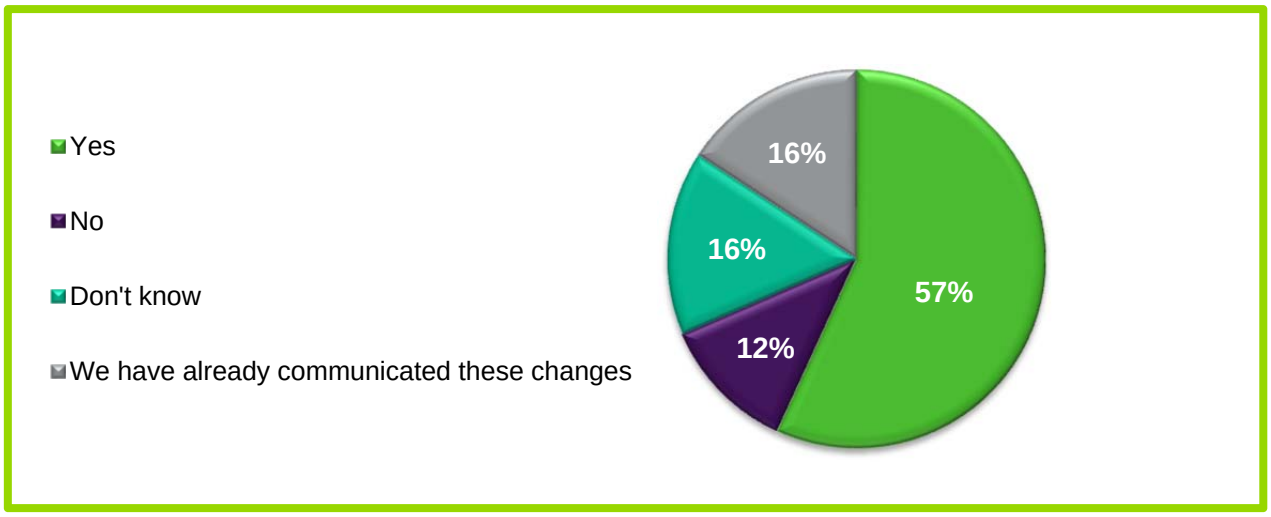
Richard McKinley-Price comment:

"Childcare can be a significant cost for working parents so it is critical that employers ensure that their employees understand the changes and which option will offer them the greatest savings."

Q10: Will your organisation use the delay in Tax Free Childcare as an opportunity to communicate the childcare support changes to employees?

Answers:

- Yes 56.85%
- No 11.64%
- Don't know 15.75%
- We have already communicated these changes 15.75%



Survey dates and locations: London 13/07/15

As mentioned in Q9, a delay to the roll-out of Tax Free Childcare (TFC) was announced in July 2015. The launch of this service has been pushed back from the autumn of 2015 to "early" 2017.

So will employers utilise this delay to ensure that their working parents are aware of these changes and can select the better version of state financial support (Childcare Vouchers or Tax Free Childcare)? As mentioned earlier, the ability to select the most suitable option will not be available once TFC begins, so it's very important that parents are aware of these changes in advance of that date.

Reassuringly more than half of the employers questioned (57%) were indeed intending to make these details known to their employees, with a further 16% that had already undertaken this exercise. Only 12% of responders did not intend to alert employees to this change.

Jo Thresher comment:

"Engaging new parents at this challenging time in their lives and helping them understand how they could be affected by the new rules could really make a difference to their pocket, their happiness and how long they stay with you as a business."

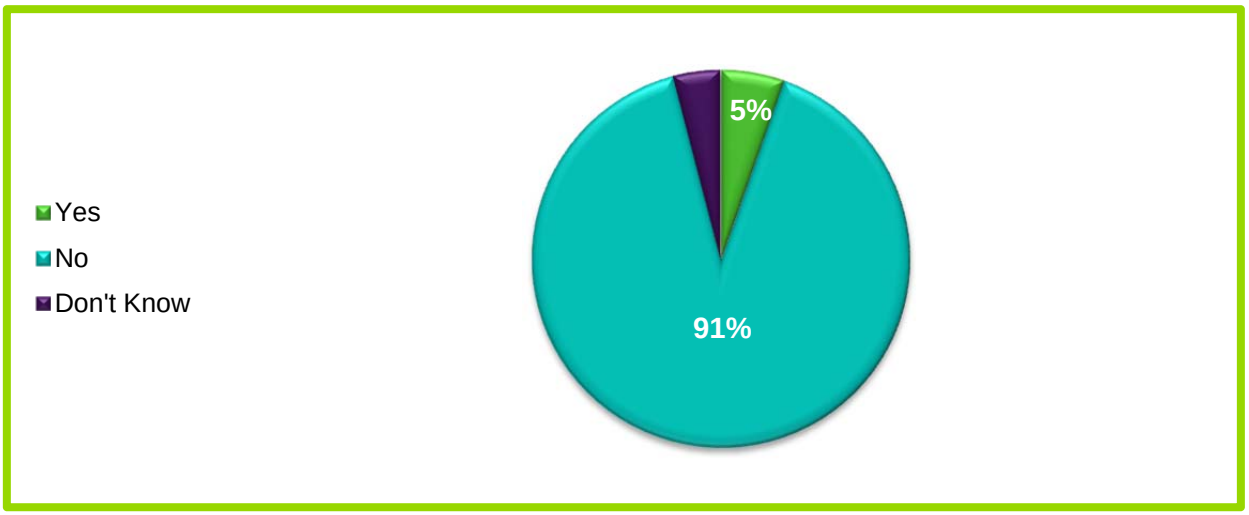
Richard McKinley-Price comment:

"It will be important as we get closer to the new implementation date in 2017 for employers to communicate the changes to employees again. Providers should be supporting with this and a number of developed calculators to guide individual decisions."."

Q11: Do you believe that your employees are fully aware of the financial implications of changes to benefits such as childcare support and pensions?

Answers:

- Yes 5.41%
- No 90.54%
- Don't know 4.05%



Survey dates and locations: London 13/07/15

With so many legislation-led changes to employee benefits, there has been an increasing call for better Financial Education (FE) in the UK. In the last year FE has finally appeared in the national school curriculum, and although this is welcome it will probably take some decades before the vast majority of UK employees have encountered any form of structured financial education.

Jelf Employee Benefits asked our audience if they felt their employees fully understood the implications of changes to benefits (such as pensions and childcare support), and the overwhelming response was that more than 9 in 10 of our delegates did not believe that their employees were aware of the financial implications of such changes!

This is a clear indicator that employers should be taking some responsibility to help their employees with this key topic. After all, an employee with less financial stress is likely to be more engaged with his/her job, so this is a win-win for both parties.

Lee Coles comment:

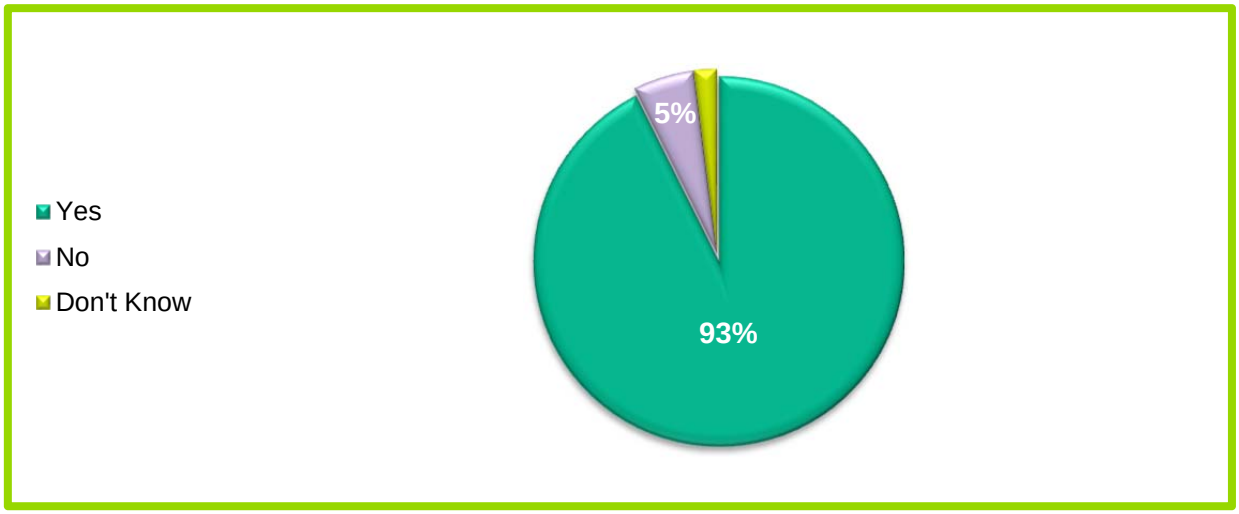
"I'm not surprised by this response, despite the fact that these issues, particularly pension freedom, have received a reasonable amount of media attention. It's clear from our time in the workplace that employees don't understand the implications, even where they are engaged and have done their own research. The headlines have not always been helpful; you cannot, for example, now treat your pension plan like it's a bank account.

One could argue that perhaps these topics are going to be most relevant to employees with young children and those close to retirement, and so for many these issues are not front of mind. So what is front of mind for the remainder, then, and what help are these employees getting with these issues? Debts? Making ends meet? Getting on the housing ladder? Eldercare? The bigger question is of course, what impact do these financial stresses and strains have on an employees working life?"

Q12: Do you believe that such changes increase the need for employers to provide Financial Education in the workplace?

Answers:

- Yes 92.62%
- No 5.37%
- Don't know 2.01%



Survey dates and locations: London 13/07/15

As with Q11, another overwhelming result in favour of employers providing Financial Education.

There is clearly an appetite for this service from employers following recent changes, and Financial Education could well become the new cornerstone of better benefit packages, as well as the key to better communications and understanding of the wider benefits offering.

When well delivered Financial Education will help employees better manage their finances, which in turn can result in health, wellbeing and productivity benefits for both employer and employee.

Lee Coles comment:

"These responses support the trends I am seeing with prospective clients. There is a desire to introduce financial education because nothing is offered, or because the workplace education is purely focussed on benefits only, and more often than not, just pensions. Financial education should ideally be focussed on the needs of the employee, and these can vary greatly, depending on how well each individual manages their money, what they earn, their life stage, and their family status."

Q13: Do you offer employees assistance with Financial Education?

Answers:

Yes; we offer onsite workshops and support	5.84%
Yes; we offer onsite workshops	4.55%
Yes; we offer online support	9.74%
Yes; we offer limited support on a case by case basis	37.01%
No; we don't offer any support	35.06%
No; we don't think this is our responsibility	5.19%
Don't know	2.60%

Survey dates and locations: London 13/07/15

Despite the evident appetite for Financial Education (as shown in responses to Q11 and Q12), more than 4 in 10 employers offer no support at all to their employees in this area. And of those that do offer support, 37% offer only limited support on a case by case basis – which is presumably only once debt issues are apparent to all (by which time the assistance may be of limited value).

It is therefore the case that only 20% of employers currently offer universal Financial Education support for their employees.

The support offered varies between onsite workshops (5%), online support (10%) and workshops plus additional support (6%). As with benefit communications, the ideal approach is to offer a number of communication methods so that the employer can be sure to engage the employee in at least one of these channels.

This is a growing topic of interest to employers and employees alike, and one where we can be sure to see more developments in the future.

Lee Coles comment:

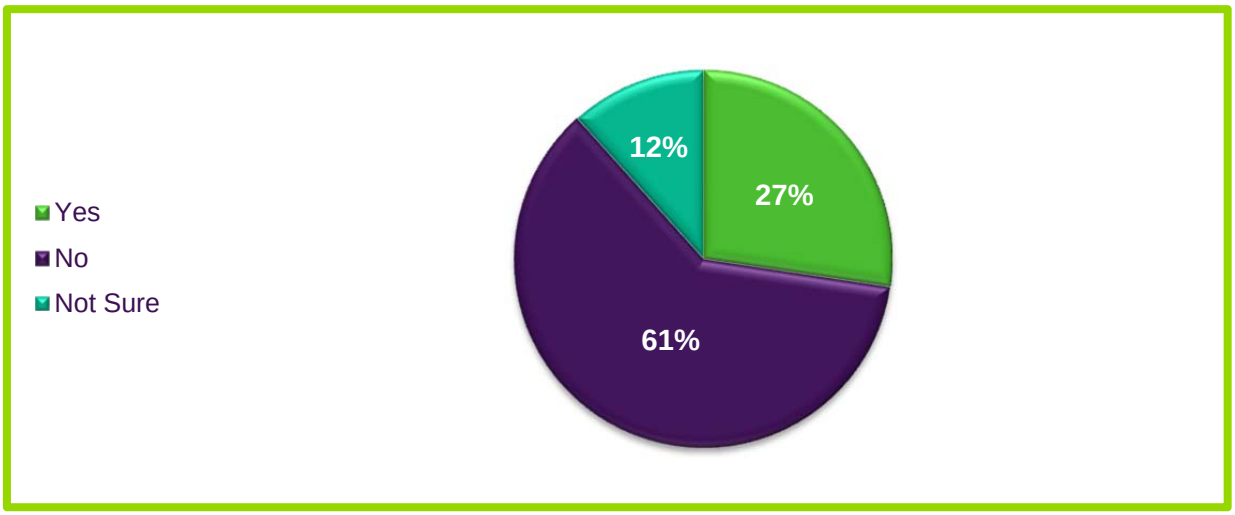
"So 4 in 10 offer nothing, and I wonder how many of the 57% who do offer something, provide education which is focussed on the needs of the individual rather than to support engagement with a particular, specific benefit. Best practice financial education certainly includes promotion of benefits, but so does having made employees aware of the particular needs they might have, the size of the problem, and then where any employer benefits help in terms of providing protection and solutions.

It would also be remiss to suggest that workplace education has to focus solely on finances. Think for a moment about those individuals who are approaching retirement. Ceasing work is a major lifestyle change and the decision to stop working is clearly not something to be taken lightly. Yes, you need to know how much money you'll need to live on, but until you've taken the time to think about what your life after work will look like, you can easily miscalculate how much is enough; that's before you think about issues like how your relationships, status, free time and health will be affected."

Q14: Do you agree that employers should be required to offer 3 days paid leave for voluntary work?

Answers:

- Yes 27.35%
- No 60.99%
- Not sure 11.66%



Survey dates and locations: London 19/05/15 & Manchester 25/06/25

In the run up to the 2015 General Election, the Conservatives extended their *Big Society* project by making a manifesto commitment that employees should have a new right to three days leave on full pay to undertake volunteering work. It was suggested that this would apply to any employer with more than 250 employees, including the Public Sector.

Although this commitment was not included in the 2015 Queen's speech, The Minister for Civil Society has confirmed that it is the intention of the Government to proceed with this proposal.

This unexpected manifesto commitment has significant implications for UK employers. It is widely accepted that absence is one of the biggest employment costs, and funding three extra days per employee will be extremely challenging for many organisations. The Jelf Employee Benefits survey responses support this viewpoint, with 61% of employers rejecting this proposal.

That said, 27% of employers did agree with the suggestion, but as will be seen from Q15, these may be organisations which already provide this benefit option for their employees.

The proposed change would also pose major challenges for employers in recording this new absence type, ensuring adequate cover by colleagues, and the administration necessary to ensure that the voluntary work qualifies to be rewarded. There are also some concerns that the entitlement would be extended to smaller organisations over time.

On a more positive note, the manifesto commitment may lead to volunteering becoming a much more discussed issue, which in turn could increase the number of employers who actively support this benefit option. Placements supported by employers can be an important component of an employee benefits offering, and can be used to strengthen the employer's recruitment and retention policies.

Peter Matthews comment:

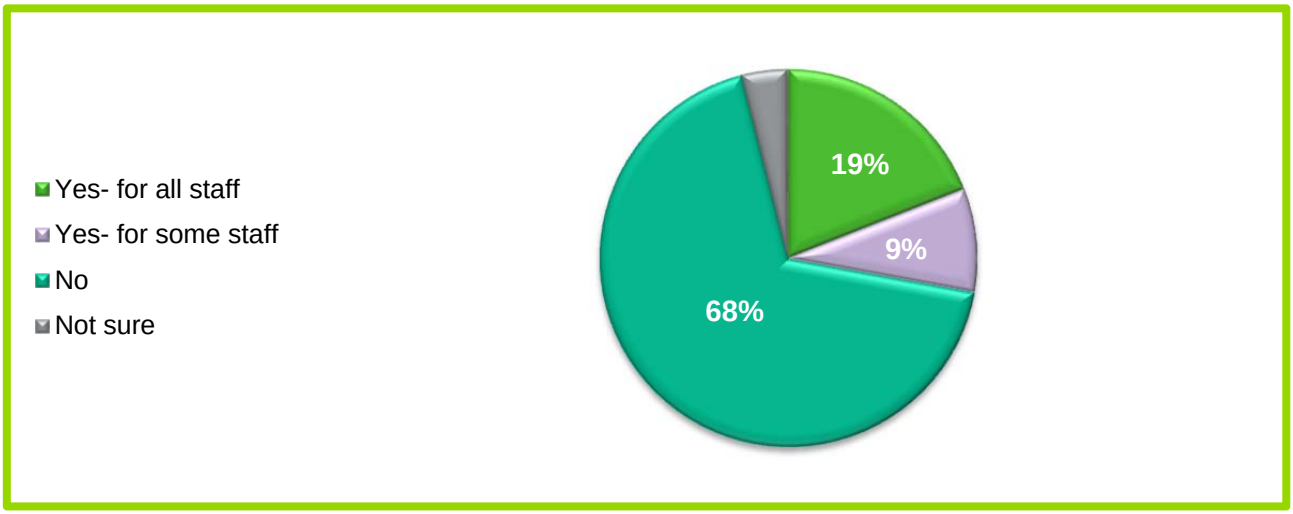
"It's perhaps not a surprise that many employers do not share the Governments vision that this will be "cost neutral…because what you (employers) get out of people volunteering is additional motivation and productivity" * Many, particularly smaller employers, appear to be reflecting the fears of what looks like a financial and logistical burden on an already stretched workforce."

*** From BBC 10th April 2015 Rob Wilson, Cabinet Minister**

Q15: Do you currently offer any paid leave for voluntary work?

Answers:

- Yes – for all staff 19.03%
- Yes – for some staff 8.85%
- No 68.14%
- Not sure 3.98%



Survey dates and locations: London 19/05/15 & Manchester 25/06/25

As mentioned in Q14, the proposed new workplace entitlement to 3 days volunteering leave on full pay would have a significant cost implication for many organisations.

To try and gauge the numbers impacted, we asked our audience how many employers currently support a similar entitlement. As can be seen, 28% of respondents provided such an option for some (9%) or all (19%) of their employees. This figure appears to be directly correlated to the number of employers who were more sanguine about the new proposals (see Q14) – presumably because the costs and administration of same were already allowed for.

It remains to be seen just how much opposition such a proposal will encounter from employer organisations. Yet our figures do highlight that more than a quarter of employers already include such a right as a basic benefit entitlement. It would be interesting to identify how many of these organisations actively advertise this option, and also to establish if this is included in items such as basic benefit communications and Total Reward Statements.

As this topic has now achieved a political dimension, it is likely that this subject will be of growing importance and interest to employers over the coming years.

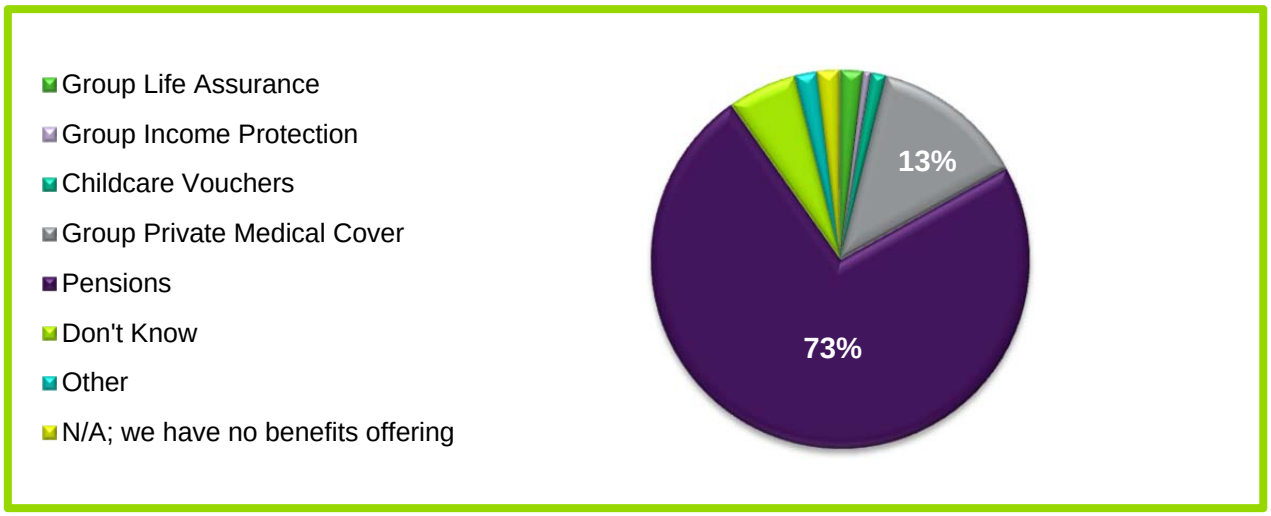
Peter Matthews comment:

"Many employers, I'm sure, want to give something back and allow employees the option of voluntary work via their employee benefits package (with over a quarter of those surveyed already offering this to some degree). The extra costs, administration and logistics of organising this pose major challenges to achieving this."

Q16: Which of the following benefits has involved your organisation in the most work in the last 12 months?

Answers:

- Group Life Assurance 1.96%
- Group Income Protection 0.65%
- Childcare Vouchers 1.31%
- Group Private Medical Cover 13.07%
- Pensions 73.20%
- Don't know 5.88%
- Other 1.96%
- N/A; we have no benefits offering 1.96%



Survey dates and locations: London 13/07/15

It is noticeable that the vast majority of employer time on benefit issues over the last year has been focused exclusively on company supported pensions (73% of respondents). This is presumably a direct result of both Auto-Enrolment legislation and the Chancellor's surprise announcement on Pension Freedoms that came into force earlier this year.

In a distant second place was the topic of Private Medical Cover (13%). With the costs of this type of benefit always difficult to control there is doubtless much time spent on ensuring that each year's premium is minimised as far as possible, whilst still ensuring that cover is appropriate for the workforce. This is likely to become more challenging this year after the announcement to increase Insurance Premium Tax in the summer budget.

On a more positive note, it is noticeable that core benefits such as Group Life and Group Income Protection cover have not proved onerous to most employers – which is a tribute to the simplified administration and accounting procedures which generally apply to such benefits.

Richard McKinley-Price comment:

"Whilst the ever changing pensions legislation and landscape requires much effort, it is important that employers also ensure that they focus some time on the other benefits that support their employees in the here and now."

Peter Matthews comment:

"It won't have come as much of a surprise to learn that nearly three quarters of employers said that Pensions has involved the most amount of work. I'm sure that if we drill further down in to the information, it will be disappointing to learn that the majority of this time has been spent on understanding the complexity of the rules, regulations and legislation (together with the change in processes required for HR, finance and payroll to work together) rather than the savings message and understanding that employees need."

The 2015/16

Jelf Employee Benefits

Survey

Section 3: International Employee Benefits

Many UK employers have employees based overseas.

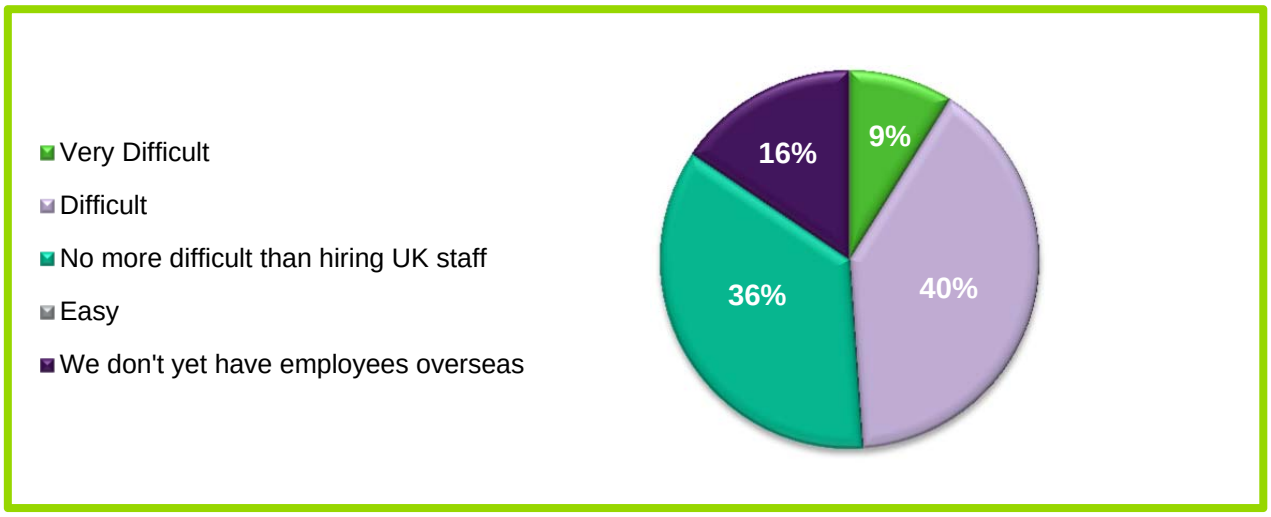
A direct result of such placements is that different legislative challenges and risks will apply to their employees – which therefore place a greater burden on the employer to ensure that all aspects of the benefits package are updated and appropriate.

The following section of the survey provides an insight into some of the concerns employers with overseas staff are experiencing at present.

Q1: How challenging do you find hiring employees for overseas assignments in the current global climate?

Answers:

Very difficult	8.89%
Difficult	40.00%
No more difficult than hiring UK staff	35.56%
Easy	0.00%
We don't yet have employees overseas	15.56%



Survey dates and locations: London 11/06/15

Recruiting overseas employees can often be a more difficult process than UK hires. Additional dynamics such as the ability to speak more than one language fluently, the right to travel between jurisdictions and even the physical interview process across continents can add significantly to the task at hand.

Another issue may be a lack of ready access to a pool of suitable and/or qualified candidates, particularly for those organisations with only a small presence in the geographical area they are targeting.

These challenges are reflected in the responses to this question. Almost half of the delegates (49%) found overseas hires very difficult (9%) or difficult (40%). This compares to just over a third (36%) who felt the process was no more challenging than hiring UK staff.

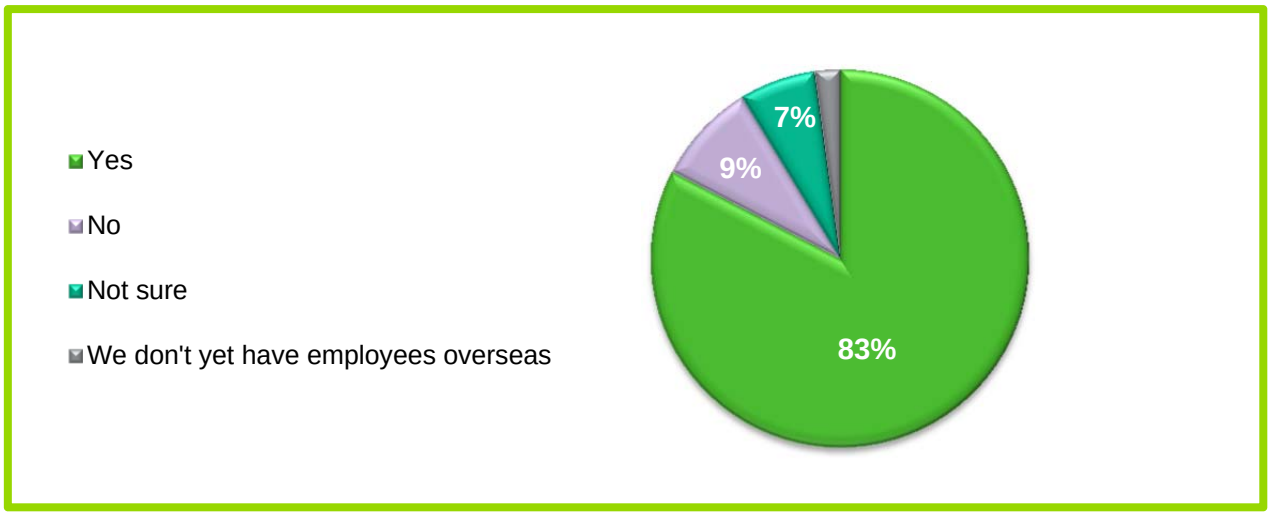
Doug Rice comment:

"Equally as important is retaining employees in an assignment. The majority of unsuccessful international postings are not because the employee is a poor fit, but because another family member can't easily settle in the new location. Employers need to consider more than just the candidate to ensure a successful placement."

Q2: Has your organisation been exposed to international or global HR challenges in the last 12 months?

Answers:

- Yes 82.61%
- No 8.70%
- Not sure 6.52%
- We don't yet have employees overseas 2.17%



Survey dates and locations: London 11/06/15

The responses to this question provide a clear marker as to the extra challenges of managing a workforce overseas.

More than 8 in 10 delegates (83%) said that their organisation had been exposed to additional challenges in the last year alone. This reflects the uncertain state of the world, with natural disaster, disease, and of course terrorist incident or armed conflict all doubtless playing a part in these issues.

This question highlights the need for organisations of all sizes to fully consider the risks that they and their employees are exposed to on a regular basis.

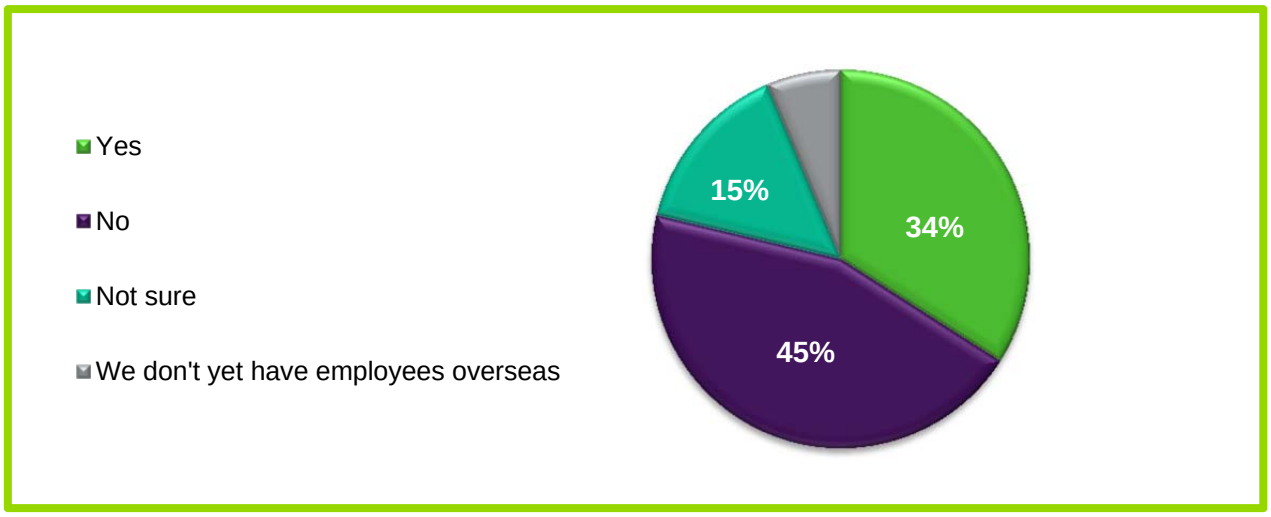
Doug Rice comment:

"Whilst those risks are obvious and exposed daily in the media, actual facts of crises and issues rely on local knowledge and international expertise."

Q3: Does your organisation regularly review risk practices and/or international employment law?

Answers:

- Yes 34.04%
- No 44.68%
- Not sure 14.89%
- We don't yet have employees overseas 6.38%



Survey dates and locations: London 11/06/15

Following the response to Q2 above, we asked our delegates if they regularly reviewed their risk practices and/or employment law issues for overseas employees.

The results were worrying. Despite the obvious additional risks that employer and employee are exposed to as a result of overseas employment, 45% of delegates indicated that they did not regularly review this key area. This may well leave both parties significantly more exposed to risks, and we would encourage employers to take a more active interest in this key employment duty.

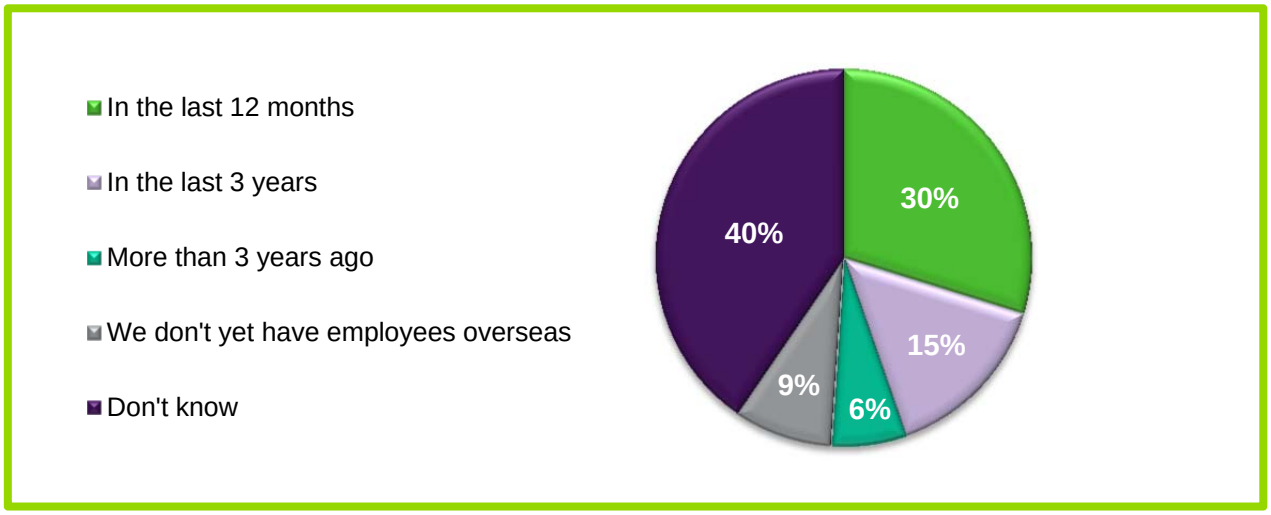
Doug Rice comment:

"The dynamic nature of international risk suggests that duty of care is a continuous process needing regular review by employers."

Q4: When did your organisation last review risk practices and/or international employment law?

Answers:

- In the last 12 months 29.79%
- In the last 3 years 14.89%
- More than 3 years ago 6.38%
- We don't yet have employees overseas 8.51%
- Don't know 40.43%



Survey dates and locations: London 11/06/15

As covered in Q2 and Q3 regular review of this key area is strongly recommended to control risks for both employer and employee.

It was encouraging that almost one in three of the audience (30%) had reviewed their policies in this area in the last year.

Another 21% of delegates had reviewed their global risk practices in either the last three years (15%) or more than 3 years ago (6%). We would urge both groupings to revisit this exercise soon given the constantly changing global news picture.

Perhaps the most concerning figure was the number of "don't know" responses in this section (40%). It is to be expected that many of this grouping have no formal overseas risk policy in place, and again we would strongly encourage a review of this issue.

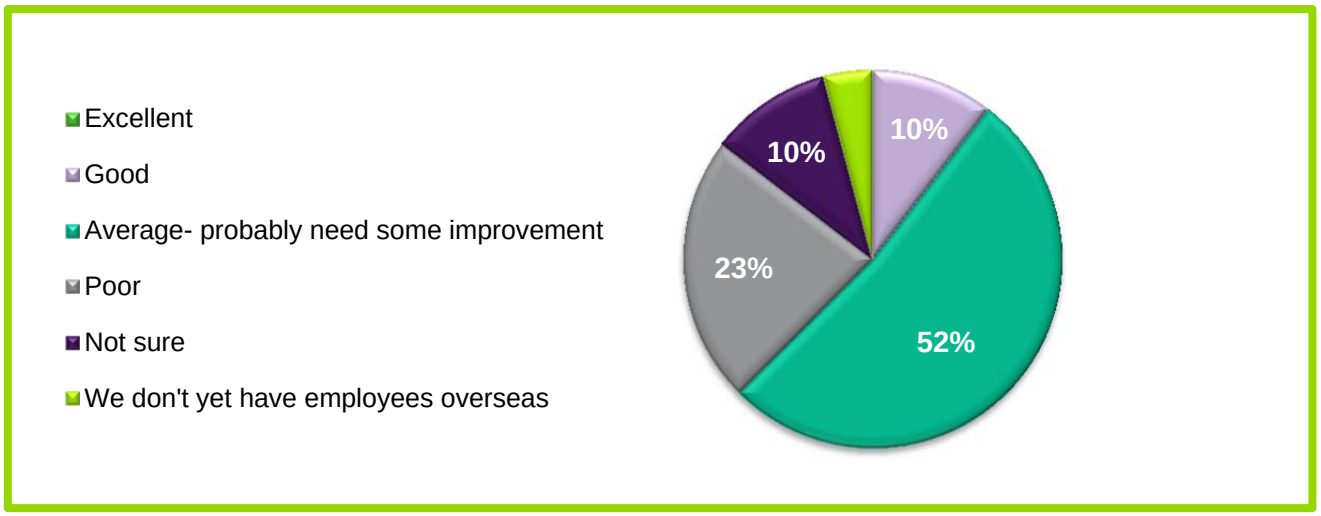
Doug Rice comment:

"Additionally, the need to have an established risk practice is key to being able to benchmark and advocate best practice."

Q5: How do you currently rate your policies to manage security and international risk for your employees?

Answers:

Excellent	0.00%
Good	10.42%
Average – probably needs some improvement	52.08%
Poor	22.92%
Not sure	10.42%
We don't yet have employees overseas	4.17%



Survey dates and locations: London 11/06/15

Despite evidence that many employers are regularly reviewing and updating their global risk policies, it was striking that not one employer thought that their current policies were perfect. This may reflect the need for constant change and adjustment as world events impact the dynamics of overseas employment.

Yet the findings that a full 3 out of 4 delegates felt that their overseas employment polices were either poor (23%) or needed improvement (52%) was rather surprising, and indeed worrying.

If we couple these findings with the earlier responses citing limited regular review in this area, it becomes evident that a picture is emerging of unidentified and/or unmanaged risks for many employers with overseas staff. Clearly many organisations will need to revisit this area as a matter of urgency.

Doug Rice comment:

"These figures concur with our own view that independent international advice, which is constantly reviewed and updated is highly desirable for employers. As international employment processes inherently have more complex challenges, an international centre of excellence is needed by most SME and corporate employers more than ever before."

Appendix I: Contributors to the 2015/16 Jelf Employee Benefits Survey

Steve Herbert, Head of Benefits Strategy, Jelf Employee Benefits:

A high profile commentator on all employee benefits, Steve is well known to HR decision makers through the delivery of a number of pioneering, and highly successful, seminars series. He also regularly acts as a guest speaker on benefit issues.

His track record includes developing and promoting new concepts in employee benefits, acting as a judge in industry awards, media spokesman, and article writer.

Steve can also provide presentation skills training and seminar marketing advice.

Steve's role is a crucial element of interface between benefits industry and corporate clients, which he achieves by popularising employee benefits in a frank, accessible, and often unique, way.

Occasionally he is accused of making employee benefits interesting.

Peter Matthews, Senior Corporate Consultant, Jelf Employee Benefits:

The immensely popular "Chair" of the Jelf Employment Seminars, Peter is a long standing servant of the Financial Services industry with more than 25 years industry experience including doing "time" with Insurers, Independent Financial Advisers and Employee Benefit Consultants.

In his own words, Peter has a 'peculiar fascination' for pensions, and works hard with Employers to demystify the subject. He has found that simplicity, understanding and a bit of fun (!) are key to this. Recently a HR Director said of Peter: *"I was so surprised to meet a pension individual that is good fun and makes pensions interesting....I didn't think they existed!!"*

He has been married for 21 years, and when not working is most likely found watching Reading Football Club.

Jo Thresher, Head of Money at Work, Jelf Employee Benefits:

Jo's career spans over 25 years in Financial Services and during her time with Jelf she has been instrumental in the development of our workplace services. Her knowledge includes Employee Benefits, Pensions, Financial Planning, and how to maximise the understanding of benefits. Jo's focus is now on ensuring employees are financially successful by developing an award-winning education and communication programme. She believes that by helping employees to be happier, they are more productive at work and this leads to benefits for the employer. Jo works hard with her clients to understand their objectives and deliver multimedia programmes to engage and develop their employees.

Jo is happy to be known as a Pensions and Benefits geek, but also enjoys ensuring her four children are good with her money. Jo also has a not so secret shoe weakness!

Lee Coles, Head of Jelf Life after Work, Jelf Employee Benefits:

Lee has been in the financial services industry for over 20 years in a variety of advice and communication roles.

Lee has a strong pedigree in group pensions and employee communication. Having worked previously for AXA and HSBC, Lee now heads up the Life after Work services, offered by the Jelf Group.

Lee has a wealth of knowledge regarding all aspects of financial planning but has a particular interest in employee behavior and financial decision making.

Iain Laws, Managing Director UK Healthcare & Group Risk, Jelf Employee Benefits:

Iain is responsible for leading the health and protection practices which focus on helping our clients develop high value employee benefits plans and effective workplace health management programs. Theses service are focused on meeting the requirements of the ever growing pressure of health costs and associated impact in the workplace through increased levels of connectivity and agility to anticipate and meet employer and employee needs.

Iain has over 20 years' experience in the employee benefits sector with both insurers and the consultancy market where he has worked with a wide range of employers to develop, implement and manage award winning employee health and benefit programs.

Doug Rice, Managing Director, Jelf International:

Doug Rice leads the International team at Jelf.

His career spans over 25 years in leading employee benefits organisations, with a particular focus on corporate health. He has held previous senior roles at Bupa Health & Wellbeing, where he was Head of Wellness and Client Management, and latterly as Director of Sales at Cigna UK Healthcare.

Doug has extensive knowledge of the health and wellbeing market and the challenges many organisations face in maintaining healthy and productive employees in an ever changing healthcare landscape.

Mark Winstanley, Corporate Pensions Director, Jelf Employee Benefits:

Mark has worked in the pensions industry for over 25 years advising trustees, companies and the Government. He is one of those rare actuaries who specialise in advising on defined contribution pension schemes and his specialist subjects are investment and governance.

Richard McKinley-Price, Head of Benefits Management, Jelf Employee Benefits:

Richard is Head of Benefits Management at Jelf Employee Benefits, an award-winning specialist consultancy with expertise in designing solutions that bring sustainable benefits for businesses. An experienced Benefits Management professional with over 15 years in the employee benefits industry; he leads the benefits management team.

He's passionate about delivering employee benefit programmes that are both tailored to the client's individual requirements and helps them to achieve tangible results. He advises organisations of all sizes as to how they can boost their employee engagement through personalised benefits design and delivery through technology.

Appendix II: Pensions Survey Data

1. Would you like to see an Independent Pensions Commission established to advise Government on policy decisions?

	Number	Percentage
Yes	142	89.31%
No	6	03.77%
Don't know	11	06.92%
Number of responses:	159	

Survey dates and locations: London 13/07/15

2. As an employer, which of the following pension tax-relief options would you like to see once the current review is finalised?

	Number	Percentage
Levelling pension tax relief with ISAs (EET to TEE)	37	23.87%
Removal of tax relief for higher earners	19	12.26%
One level tax relief for all	45	29.03%
No change to current structure	42	27.10%
Other	2	01.29%
Don't know	10	06.45%
Number of responses:	155	

Survey dates and locations: London 13/07/15

3. As an employee, which of the following pension tax-relief options would you like to see once the current review is finalised?

	Number	Percentage
Levelling pension tax relief with ISA's (EET to TEE)	47	30.72%
Removal of tax relief for higher earners	13	08.50%
One level tax relief for all	38	24.84%
No change to current structure	50	32.68%
Other	0	00.00%
Don't know	5	03.27%
Number of responses:	153	

Survey dates and locations: London 13/07/15

4. As an employer, would you like to see the National Insurance savings inherent in Salary Sacrifice maintained?

	Number	Percentage
Yes; they support our wider benefits offering	11	07.14%
Yes; they help employees with benefit costs	16	10.39%
Yes; both (1) and (2) above	101	65.58%
No	10	06.49%
N/A We don't operate a Salary Sacrifice arrangement	13	08.44%
Don't know	3	01.95%
Number of responses:	154	

Survey dates and locations: London 13/07/15

5. Should tax reliefs change, how much time would you ideally like to adapt current practice and communications to this change?

	Number	Percentage
A minimum of 3 years	19	12.42%
A minimum of 2 years	61	39.87%
A minimum of 12 months	55	35.95%
Less than 12 months	7	04.58%
N/A We don't see this as an issue	2	01.31%
N/A We don't have a pension offering	4	02.61%
Don't know	5	03.27%
Number of responses:	153	

Survey dates and locations: London 13/07/15

6. Would you like to see a cessation in pension legislation changes until the next parliamentary term (2020 – 2025)?

	Number	Percentage
Yes	108	72.00%
No	24	16.00%
Don't know	18	12.00%
Number of responses:	150	

Survey dates and locations: London 13/07/15

7. Do you feel that your pensions governance is robust?

	Number	Percentage
Yes	48	21.72%
Yes, but could do better	76	34.39%
No	22	09.95%
We are not aware of governance requirements	29	13.12%
Not sure	46	20.81%
Number of responses:	221	

Survey dates and locations: London 19/05/15 & Manchester 25/06/15

8. Do you feel that improved governance can add value to your pension offering?

	Number	Percentage
Yes	105	47.95%
No	29	13.24%
Not sure	85	38.81%
Number of responses:	219	

Survey dates and locations: London 19/05/15 & Manchester 25/06/15

9. Do you think an increase to Auto-Enrolment minimum contribution levels should be made?

	Number	Percentage
Yes	156	75.73%
No	30	14.56%
Don't know	20	09.71%
Number of responses:	206	

Survey dates and locations: Bristol 28/04/15 & London 12/02/15

10. How do you think any future increase to AE minimum contribution levels should be applied?

	Number	Percentage
An increase to employee contributions	27	13.57%
An increase to employer contributions	41	20.60%
Equally divided between employer and employee	129	64.82%
Not sure	2	01.01%
Number of responses:	199	

Survey dates and locations: Bristol 28/04/15 & London 12/02/15

11. Will you consider smoothing the cost of increased Auto Enrolment contributions by taking early action?

	Number	Percentage
Yes	83	43.01%
No	34	17.62%
N/A; our scheme is more generous than proposed levels	40	20.73%
Not sure	36	18.65%
Number of responses:	193	

Survey dates and locations: Bristol 28/04/15 & London 12/02/15

Appendix III: Employee Benefits Survey Data

1. Would you like to see wider media and Government interest in employee benefits other than pensions?

	Number	Percentage
Yes	128	81.53%
No; I think pensions are the most important benefit	21	13.38%
No	4	02.55%
Don't know	4	02.55%
No of responses	157	

Survey dates and locations: London 13/07/15

2. Does your organisation provide regular updates to employees on the employee benefits offering?

	Number	Percentage
Yes	75	48.70%
No	67	43.51%
Don't know	5	03.25%
We have no benefits offering	7	04.55%
No of responses	154	

Survey dates and locations: London 13/07/15

3. What form do your principal employee benefit communications take?

	Number	Percentage
Intranet and/or staff notice board	46	30.26%
Direct emails	66	43.42%
Benefits platform communications	9	05.92%
Staff presentations	6	03.95%
N/A; We don't undertake benefits communications	22	14.47%
N/A; We have no benefits offering	2	01.32%
Don't know	1	00.66%
No of responses	152	

Survey dates and locations: London 13/07/15

4. When was the last time that your organisation reviewed your employee benefits offering?

	Number	Percentage
In the last 12 months	96	64.43%
Between 1 & 3 years ago	24	16.11%
More than 3 years ago	11	07.38%
Never	3	02.01%
Don't know	13	08.72%
NA; We have no benefits offering	2	01.34%
No of responses	149	

Survey dates and locations: London 13/07/15

5. Will you be signposting absent employees towards Fit for Work in the absence of GP referrals?

	Number	Percentage
Yes	42	27.10%
No	4	02.58%
On a case by case basis	65	41.94%
N/A; we use an Occupational Health Service	34	21.94%
Don't know	10	06.45%
No of responses	155	

Survey dates and locations: London 13/07/15

6. Will you be communicating details of the Fit for Work service to employees in the next 12 months?

	Number	Percentage
Yes	65	44.52%
No	24	16.44%
N/A; we us an Occupational Health Service	37	25.34%
Don't know	20	13.70%
No of responses	146	

Survey dates and locations: London 13/07/15

7. Did you know that many Death in Service lump sum benefits count towards the Pension Lifetime Allowance limit?

	Number	Percentage
Yes	60	21.58%
No	218	78.42%
No of responses	278	

Survey dates and locations: Bristol 28/04/15, London 19/05/15 & Manchester 25/06/15

8. Now that you are aware of the Lifetime Allowance issue, will you review your Death in Service schemes to avoid this issue?

	Number	Percentage
Yes	125	44.96%
No	39	14.03%
Don't know	98	35.25%
Our scheme already avoids this issue	16	05.76%
No of responses	278	

Survey dates and locations: Bristol 28/04/15, London 19/05/15 & Manchester 25/06/15

9. Have you communicated changes to employer sponsored childcare to your employees?

	Number	Percentage
Yes	40	18.02%
No	129	58.11%
We don't offer any childcare support	41	18.47%
Not sure	12	05.41%
No of responses	222	

Survey dates and locations: London 19/05/15 & Manchester 25/06/15

10. Will your organisation use the delay in Tax Free Childcare as an opportunity to communicate the childcare support changes to employees?

	Number	Percentage
Yes	83	56.85%
No	17	11.64%
Don't know	23	15.75%
We have already communicated these changes	23	15.75%
No of responses	146	

Survey dates and locations: London 13/07/15

11. Do you believe that your employees are fully aware of the financial implications of changes to benefits such as childcare support and pensions?

	Number	Percentage
Yes	8	05.41%
No	134	90.54%
Don't know	6	04.05%
No of responses	148	

Survey dates and locations: London 13/07/15

12. Do you believe that such changes increase the need for employers to provide Financial Education in the workplace?

	Number	Percentage
Yes	138	92.62%
No	8	05.37%
Don't know	3	02.01%
No of responses	149	

Survey dates and locations: London 13/07/15

13. Do you offer employees assistance with Financial Education?

	Number	Percentage
Yes; we offer onsite workshops and support	9	05.84%
Yes; we offer onsite workshops	7	04.55%
Yes; we offer online support	15	09.74%
Yes; we offer limited support on a case by case basis	57	37.01%
No; we don't offer any support	54	35.06%
No; we don't think this is our responsibility	8	05.19%
Don't know	4	02.60%
No of responses	154	

Survey dates and locations: London 13/07/15

14. Do you agree that employers should be required to offer 3 days paid leave for voluntary work?

	Number	Percentage
Yes	61	27.35%
No	136	60.99%
Not sure	26	11.66%
No of responses	223	

Survey dates and locations: London 19/05/15 & Manchester 25/06/25

15. Do you currently offer any paid leave for voluntary work?

	Number	Percentage
Yes – for all staff	43	19.03%
Yes – for some staff	20	08.85%
No	154	68.14%
Not sure	9	03.98%
No of responses	226	

Survey dates and locations: London 19/05/15 & Manchester 25/06/25

16. Which of the following benefits has involved your organisation in the most work in the last 12 months?

	Number	Percentage
Group Life Assurance	3	01.96%
Group Income Protection	1	00.65%
Childcare Vouchers	2	01.31%
Group Private Medical Cover	20	13.07%
Pensions	112	73.20%
Don't know	9	05.88%
Other	3	01.96%
N/A; we have no benefits offering	3	01.96%
No of responses	153	

Survey dates and locations: London 13/07/15

Appendix IV: International Benefits Survey Data

1. How challenging do you find hiring employees for overseas assignments in the current global climate?

	Number	Percentage
Very difficult	4	08.89%
Difficult	18	40.00%
No more difficult than hiring UK staff	16	35.56%
Easy	0	00.00%
We don't yet have employees overseas	7	15.56%
Number of responses	45	

Survey dates and locations: London 11/06/15

2. Has your organisation been exposed to international or global HR challenges in the last 12 months?

	Number	Percentage
Yes	38	82.61%
No	4	08.70%
Not sure	3	06.52%
We don't yet have employees overseas	1	02.17%
Number of responses	46	

Survey dates and locations: London 11/06/15

3. Does your organisation regularly review risk practices and/or international employment law?

	Number	Percentage
Yes	16	34.04%
No	21	44.68%
Not sure	7	14.89%
We don't yet have employees overseas	3	06.38%
Number of responses	47	

Survey dates and locations: London 11/06/15

4. When did your organisation last review risk practices and/or international employment law?

	Number	Percentage
In the last 12 months	14	29.79%
In the last 3 years	7	14.89%
More than 3 years ago	3	06.38%
We don't yet have employees overseas	4	08.51%
Don't know	19	40.43%
Number of responses	47	

Survey dates and locations: London 11/06/15

5. How do you currently rate your policies to manage security and international risk for your employees?

	Number	Percentage
Excellent	0	00.00%
Good	5	10.42%
Average – probably needs some improvement	25	52.08%
Poor	11	22.92%
Not sure	5	10.42%
We don't yet have employees overseas	2	04.17%
Number of responses	48	

Survey dates and locations: London 11/06/15

Appendix V: Jelf Employee Benefits

About Jelf:

Jelf is a leading consultancy supporting businesses and individuals with expert advice on matters relating to insurance, employee benefits, health insurance and financial planning. Jelf's purpose is simple: to build a long-lasting relationship with clients and to become their Trusted Adviser.

Formed in 1989 by Chris Jelf, the Group has 37 offices in 34 locations across England, Wales and Scotland employing over 1,200 members of staff.

For further information about Jelf, please visit www.jelfgroup.com

About Jelf Employee Benefits

Jelf Employee Benefits operates out of five locations and accounts for nearly a quarter of Jelf Group revenue. We currently advise c5000 companies on a range of employee benefits strategies. Clients include: Admiral, Honda UK, Midas Group, Save the Children, Serco, Specsavers and Thatchers.

Jelf Employee Benefits helps clients choose the right benefits for their employees and will then source and negotiate them, as well as help promote them to staff. This is a three-part process:

- Benefit design or review (including risk and pension benefits)
- Implementation
- Communication

Benefit types:

- Healthcare: PMI, Private Dental Insurance, Health Screening, Employee Assistance Programmes, Absence Management and Occupational Health
- International: Wellbeing, Jelf International Umbrella Scheme, Global Broker Network and Corporate Audit
- Group Risk: Death in Service benefits, Income Protection and Critical Illness
- Workplace Savings and Pensions: DC and DB schemes, Auto Enrolment, scheme governance, Pension Freedom delivery, retirement counselling, annuity service and auto enrolment
- Flexible benefits including voluntary benefits such as retailer discounts and childcare vouchers
- Education and Financial Planning: 'Money at Work' lifelong education and support to help your employees take control of their finances, 'Life After Work' a range of lifestyle and financial education for individuals as retirement approaches, as well as advice from Jelf Financial Planning; a chartered financial planning firm

Implementation

- Group presentations and 1-2-1 meetings to engage staff with new benefits and improve take up
- Workplace Benefits Management; Personify is an online benefit management and communication platform which enables organisations to manage their employee benefit offering with ease by reducing administrative strain. It also gives HR teams access to detailed management information to aid budgetary planning and the management of people-related risk.

Communication

- Launch campaigns using posters, desk drops or in-payslip communications as well as launch roadshows.
- Total reward statements (TRS) to clearly demonstrate the monetary value of each benefit alongside salary.
- Employee opinion surveys help organisations review and put together the most effective benefits package for their company.

Administration services

- All of the above is supported by a robust administration service to ensure all employee information is correct and kept up-to-date.