

Getting the most from your employee benefits package

Reviewing your employee benefits package is key to ensuring that it remains suitable, cost effective and competitive.

What may have been suitable five years ago may not be right for you or your employees today.

CASE STUDY

Company M had made the transition from defined benefit (DB) to defined contribution (DC) pension provision some years previously. The workforce had reduced in size and the company was looking to reduce both administrative costs and pension risks.

The DC plan was trust-based, meaning that it was operated by a board of trustees, required annual accounts (and auditors), and retained responsibility for preserved benefits for former employees.

The company and trustees agreed to wind up the trust-based plan and switch to a contract-based Group Personal Pension. This move offered employees greater benefit flexibility, a wider range of investment options, online access and tools and a portable pensions vehicle should they change employment. The company's costs reduced as trustees and annual accounts were no longer required (for the DC plan), and there was no continuing responsibility for former employees (they deal directly with the pension provider). We guided the trustees, company and members through the transition and now provide ongoing support and governance services to the company.

With regard to pension risks, we advised the company on options for reducing the risks under the closed DB scheme, e.g. phased buyouts and enhanced transfer values.

Pension matters aside, we identified employee benefits provided through group insurance policies (life assurance and income protection) for which market reviews had not been undertaken for some time. The insurances were placed with alternative, more competitive providers.

Why review?

- Ensure that the arrangements respond to your changing needs, e.g. any requirements for increased flexibility, reduced costs, reduced company risk or harmonisation following corporate restructure.
- Check you are getting value for money – have your benefit providers remained competitive?
- Assess whether the current benefits remain relevant and are valued and understood by your employees.
- Ensure your benefits package remains competitive in your employment area / sector.
- Governance of the benefits you provide to employees, in relation to pensions in particular (as advocated by The Pensions Regulator).
- Factor in future legislative changes, e.g. the planned introduction of pension auto-enrolment and the Personal Accounts Scheme, and the end to contracting out for defined contribution pension plans.



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Employee benefits review service

Our employee benefits review will evaluate the effectiveness of your current benefit arrangements. We will identify any cost saving opportunities, areas in which the benefits package could be changed to better meet your needs and offer ideas for streamlining administration processes and improving communication to employees.

If you wish, you may then use our services in implementing any agreed changes and in supporting you and your employees on an ongoing basis. We welcome and value such long-term client relationships.

We are authorised and regulated by the Financial Services Authority and provide independent and impartial advice. We advise both companies and individuals on matters including pensions, investments and employee and executive benefits.

The next steps

To explore your requirements and the potential for us to add value, please contact us (see contact details below) for a free, no obligation, initial meeting. We are happy to undertake some limited prior research on your current arrangements to optimise the effectiveness of these initial discussions.



For further information

Or to discuss how we may be able to help you, please contact your usual Barnett Waddingham contact or email:

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