

LCP FLEXIBLE BENEFITS SEPTEMBER 2015

*We are dedicated to delivering forward thinking flexible benefit schemes. Our approach is simple - we consult with you to help you future proof your benefits strategy.*

## *When introducing flexible benefits, we take organisations through a journey to defining a realistic future benefits strategy.*

### What are flexible benefits?

Flexible benefits can mean a number of things to different organisations. Typically however, it will refer to a benefits and reward strategy that allows individual employee choice in the mix of their salary and benefits. This is usually provided through an online benefits system.

#### We can provide:

- Practical consultancy on the feasibility of a flexible benefits scheme.
- Advice on the benefit design and options for implementing your scheme.
- A cost effective flexible benefits online platform and implementation.
- Informative, tailored communications at every stage.
- The right flexible benefits administration solution.

### Advantages of introducing flexible benefits

There are a number of powerful drivers for change from the traditional “one size fits all” benefit package. Below are some advantages of introducing flexible benefits:

- Allows the employer and employee to maximise salary sacrifice tax savings whilst minimising the administration (see table below).
- Streamlines current monthly administration processes eg reporting to providers, new joiner paperwork.
- Harmonises benefits management following mergers.
- Provides a range of benefits that match the needs of the varied employee demographic.
- Provides a competitive edge when recruiting and retaining employees.
- Provides a benefits framework that is easily adaptable (eg to legislative changes).
- Employers receive greater return in employee appreciation for company expenditure on benefits.

Below is an example of the savings that can be made:

#### Notes:

Based on 1,000 employees.

Conservative take-up levels (ie not what the respective providers quote).

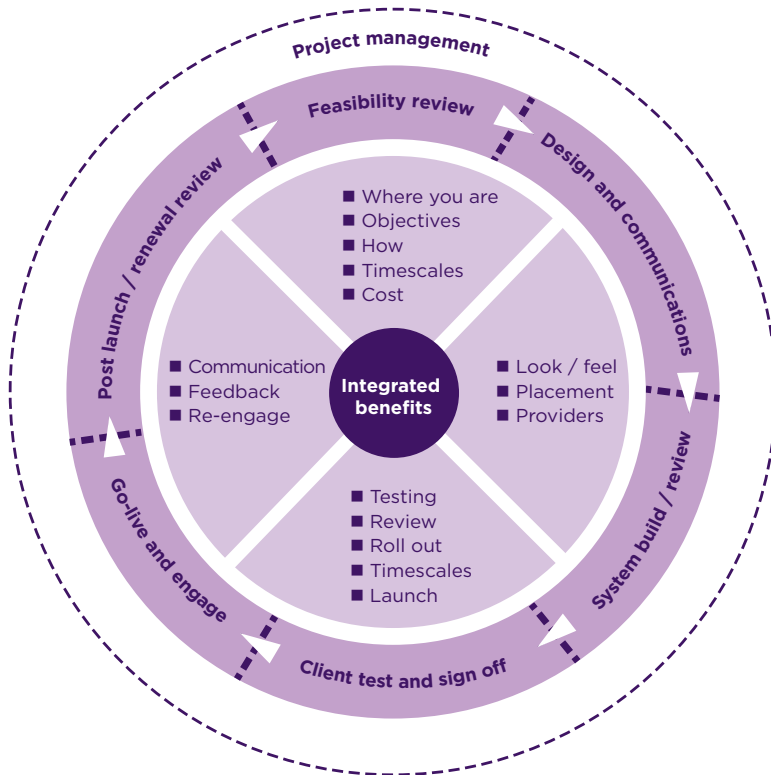
\* Assumes an average salary of £25,000, divided by 260 working days, multiplied by 2 days

\*\* Based on UK average contribution of 6% using average salary of £25,000

Benefits take-up	Estimated take-up	Number of employees	Average spend per employee	Total employee spend	Employer's 13.8% NI saving per benefit
Childcare vouchers	6%	60	£2,916	£174,960	£24,144
Health screening for self	2%	20	£500	£10,000	£1,380
Holiday purchase*	15%	150	£192.30	£28,845	£3,980
Bikes to work	4%	40	£350	£14,000	£1,932
Pension contribution**	45%	450	£1,500	£675,000	£93,150
<b>Total employer's NI saving over 12 months</b>					<b>£124,586</b>

### LCP's flexible benefits services

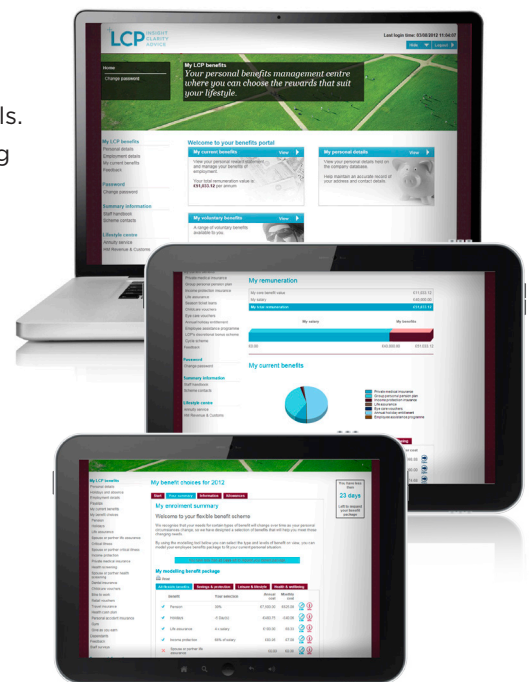
We work through a structured process with our clients, set out in the diagram below, to ensure that we deliver a solution which meets their objectives, timescales and budget. Our holistic approach to benefits means we can deliver all our services in a cost-effective and efficient way.



We can develop a flexible benefits scheme to deliver your strategic goals. We can set up a scheme and service that remains relevant and engaging for our clients and their employees.

Where appropriate, we can also provide a flexible benefits platform. Key platform features include:

- Online total reward statements.
- Online management and communication of salary sacrifice benefits.
- Full menu of flexible benefits.
- Integrated staff voluntary discounts scheme.
- Integration with key providers of corporate pension schemes.



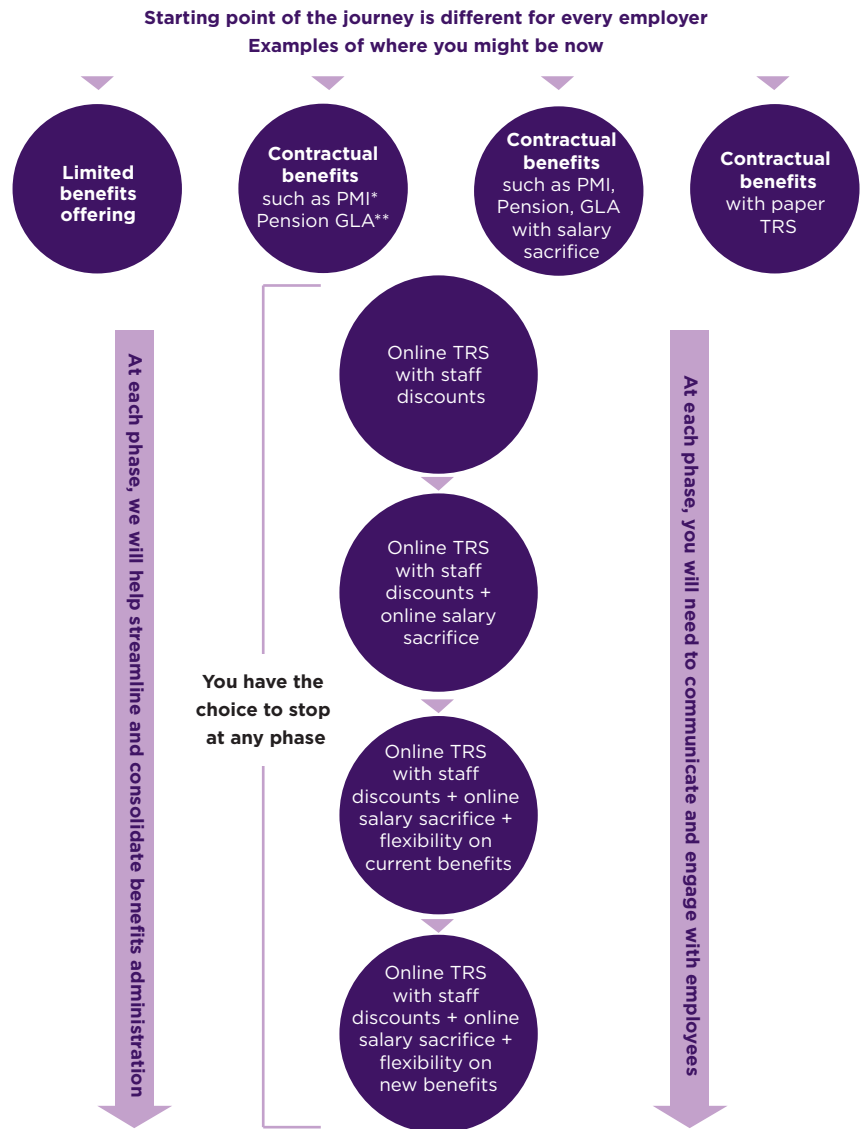
Example screenshots

**Journey to flexible benefits**

The starting point of the journey will be different for every organisation. It is important that organisations are clear on their objectives for introducing flexible benefits. Key objectives are often to improve employee engagement and harmonise benefits for all staff.

Often the introduction of Total Reward Statements (TRS) could be the first stage to flexible benefits. A TRS is a statement listing all the benefits an employer funds. TRS allow employees to see in one place all the information they need, resulting in a greater appreciation of the value of their employee benefits.

**Example of how flexible benefits can be phased into your company**



\*Private Medical Insurance  
 \*\* Group Life Assurance

Find out more at [www.lcp.uk.com](http://www.lcp.uk.com)

**Flexible benefits can deliver an integrated benefits and reward strategy combining:**

- **Core elements:** typically mandatory benefits that employees are required to take and no flexibility can be exercised.
- **Flexible elements:** could be current benefits where an employee receives a level of funding from the employer and then the employee has the choice to “flex” them either up or down.
- **Voluntary elements:** benefits where no funding is received from the employer, but competitive rates for the benefit may be available by using the company’s purchasing power. The employee has the choice to “flex” them up at their own cost.
- **Staff discounts:** schemes that run alongside the above but are typically not processed through payroll. Staff discounts allow employees to access many shopping discounts (grocery, retail, travel etc) to help their net pay go further.

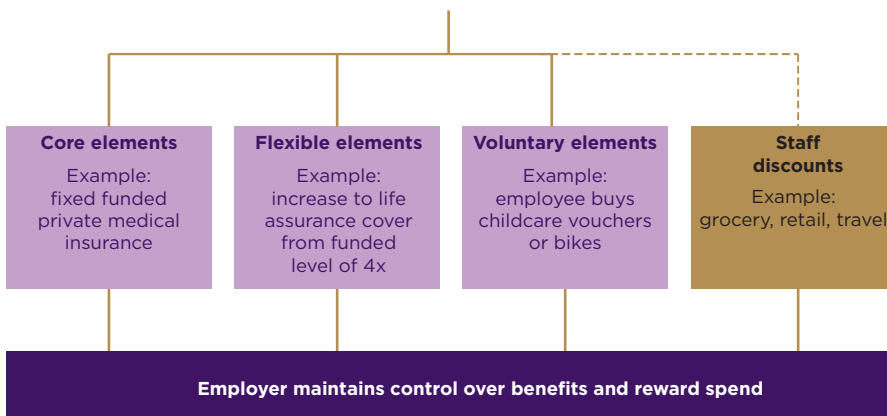
**Other advantages could include:**

- Employees having access to all benefits via an online system.
- Streamlined benefits communication and on-going administration.
- Employees see the full value of their total remuneration.
- Option to “pick & choose” benefits over reward.
- Adaptable framework for continual review.
- Compliance with auto-enrolment requirements.

Where appropriate, the elements above can be funded for via salary sacrifice.

The example below demonstrates how flexible benefits can be used to formalise your current reward and benefits package.

**Employees could have the option to “pick & choose” benefits and reward**



Notes

Blank area for notes.



## Contact us

To find out more about LCP's flexible benefits services or to arrange a demonstration of the online benefits platform, please call your usual LCP contact. Alternatively call Dipa or Aiden or visit our website [www.lcp.uk.com](http://www.lcp.uk.com).

**For other LCP publications on topics such as salary sacrifice, employee benefits, auto-enrolment and communications please visit our website [www.lcp.uk.com/publications](http://www.lcp.uk.com/publications).**



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LCP is a firm of financial, actuarial and business consultants, specialising in the areas of pensions, investment, insurance and business analytics.

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