

Employee Benefits



“Whether it’s attracting top professionals, encouraging staff retention or getting your workforce to go the extra mile, benefits can make the difference.”

All businesses rely on one vital ingredient: people.

In a highly competitive business environment the difference between success and failure can often be measured by the quality of a company’s workforce.

More often than not, it is their skills and abilities which are the key factors in shaping the success of the organisations that employ them. However, recruiting and retaining people with the right kinds of skills and attributes can prove difficult.

Securing their commitment and loyalty therefore, is of paramount importance, and one of the most effective ways of achieving this is through the provision of additional employee benefits. No one wants to throw away hard-earned profits on pointless, unappreciated staff ‘perks’, however the right benefits solutions can have a positive impact on the bottom line. Whether it’s attracting top professionals, encouraging staff retention or getting your workforce to go the extra mile, benefits can make the difference. These include:

DEATH-IN-SERVICE

This can provide the dependents of an employee who has died with both a cash lump sum and an income to help alleviate any future financial hardship.

Benefits for the Employer

- The opportunity to provide a valuable high profile employee benefit at a modest cost.
- Overcomes the difficult and emotive question of whether to provide financial support to the deceased’s family.
- Premiums paid into a Death-In-Service Scheme will normally qualify for Corporation Tax relief.
- An important ingredient in attracting and retaining high calibre staff.
- Administration is kept to a minimum and the claims procedure is straightforward.



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Provision for healthcare makes good business sense

Benefits for the Employee

- Peace of mind for the employee and financial security for the employee’s family.
- Premiums paid into the scheme on behalf of the employee will not be taxed as a benefit in kind.
- In the majority of cases, there will be no need for the employee to complete an application form or medical questionnaire.
- The death benefits will normally be paid immediately and free of Inheritance Tax.

GROUP INCOME PROTECTION

A group Income Protection scheme can provide a regular and dependable income. When added to an employee’s State Benefit entitlement it can help to replace the salary lost as a result of being ill or disabled to work.

Benefits for the employer

- Employees and their families are protected against the financial effects of an illness or injury for a known and relatively small cost.
- Overcomes the difficult and often emotive questions how long a sick or disabled employee should continue to be paid.
- Premiums paid into the scheme will normally qualify for Corporation Tax relief.
- National Insurance and Pension Fund contributions paid in respect of the employee can be insured.
- An important ingredient in attracting and retraining high calibre staff.
- Administration is kept to a minimum.

Benefits for the Employee

- Employees have the reassurance of knowing that in the event of a serious illness or injury, a regular income will be paid to them to help replace their lost earnings.
- Premiums paid into the scheme on behalf of the employee will not be taxed as a benefit in kind.
- Contributions can continue to be made towards the employee’s pension fund to protect retirement benefits.
- In the majority of cases there will be no need for the employee to complete an application form or medical questionnaire.



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Employee benefits can help to retain staff

GROUP CRITICAL ILLNESS

Designed with both the employer and employee in mind, group critical illness insurance provides an important financial safety net whenever a major illness strikes.

Benefits or the employer

- Employees and their families can be protected against the financial effects of an acute illness for a known and relatively small cost.
- Premiums paid into the scheme will normally qualify for Corporation Tax relief.
- An important additional ingredient in attracting and retaining high calibre staff.
- Overcomes the difficult and often emotive question of whether to provide financial support to a stricken employee.
- Serves as an ideal ‘partner’ to other employee benefits such as Life Assurance and Income Protection.
- Administration is kept to a minimum.

Benefits or the employee

- Employees have the reassurance of knowing that should they have the misfortune to contract any of the conditions covered, money will be available to them when they most need it.
- The cash lump sum is payable directly to the employee normally free of all personal Income and Capital Gains taxes. This will usually be the case where benefits are provided under a trust.
- There are no restrictions on how the cash benefit can be spent.
- In the majority of cases there will be no need for the employee to complete an application form or medical questionnaire.

GROUP PRIVATE MEDICAL

Provision for healthcare makes good business sense. Not only does it represent best practice but is also demonstrates an enlightened attitude to employment.

Group Private Medical Insurance (PMI) especially for smaller companies can be a more cost effective way for directors/owners to buy their, and their families’ PMI cover (savings can average 30% of similar personal cover).



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PMI can save companies money with employees taking off less time for sickness and/or visits to the doctor. This can be as much as eight working days annually according to a recent CBI survey

PMI membership can also provide reassurance, either through the provision of telephone information lines, stress lines or simply the knowledge that they and their families are covered.

Not only is it popular, but PMI is also a cost-effective perk with, on average, employees believing the cost to the company to be 1.2 times its real cost. So PMI as part of a remuneration package is generally more cost-effective than the equivalent in salary. It is tax-effective too; PMI costs are allowable as a business expense and do not attract National Insurance Contributions for either the employer or the employee.

GROUP PENSION SCHEMES

During the last quarter of a century, business has moved away from the paternalistic approach which might have characterised employer attitudes at one time. New smaller companies have developed in a harsh marketplace where all costs are increasingly questioned and emphasis has moved to eliminating activity, which does not directly add value to the core business. And it’s not just employers whose cultural approach has migrated.

People in general are becoming used to the concept that they must take responsibility for their own welfare, and this is filtering throughout into the remuneration packages, which are increasingly sought.

Of course, many companies still take a paternalistic approach. The provision of a pension scheme will be a matter of course for such employers. The opposite extreme can be termed ‘the survival of the fittest’. Such an employer will expect each of his employees to make provision for their own retirement and will not wish to become involved through the provision of support for a pension scheme.

Most companies will probably fall between these two extremes. They will seek to share responsibility with employees in ensuring that adequate pension provision is made, and will help their employees by making arrangements to make a scheme available with minimal effort by the employees.



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- An employer contribution to a pension scheme will be seen as a positive element of a total remuneration package.
- The scheme will be an aid both to recruiting new staff and, just as importantly, to retaining trained staff. Staff turnover can be a drain on already stretched resources both through covering gaps and training new employees. A flexible pension scheme which can be fine tuned for individual employees can help motivate staff to stay with a company, despite the general cultural change where employees switch employment more frequently.
- Pension contributions make financial sense from an employer’s viewpoint since expenses tax relief is obtained on the contributions, and they do not incur National Insurance Contributions.

There are two different types of pension provision, which can be set up, namely Occupational Pension schemes and Personal Pension Schemes.

Occupational schemes can differ fundamentally depending on whether they are defined benefit or defined contribution.

The whole pension arena has become very complex and in the short term this looks to intensify therefore, careful consideration is needed before a decision is taken as to the most appropriate scheme to meet the long term requirements of both the employer and employee.

Call now on **01743 285777**
and speak to one of our specialist advisers or
email us corporate@mardons.co.uk



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