

Top tips - Benefit Strategy

- ❖ Most benefit programmes have grown up as much through historical accident as design. So do a full review of your benefits.
- ❖ You might want to review them against each of these five reasons for having a benefit:
 - Market – often relevant at a particular level of seniority, like share plans
 - Moral/reputational – typically insured benefits like life assurance
 - Tax efficient – where the benefit has a more favourable tax treatment than the equivalent cash
 - Provision – where the organisation can provide the benefit much more cheaply than the individual employee, such as long term disability insurance; it may be that the perceived value is much higher than the cost.
 - Company value – where the benefit may be of direct value to the organisation as well as the individual, such as medical insurance.
- ❖ Employees typically undervalue the cost and value of benefits; sometimes they don't even know they have some of them. So ask and act on the answers.
- ❖ Benefits are part of total reward so look at the messages they send and look for conflicts with other reward and HR programmes.
- ❖ If you want to change benefits consider your current employees and new employees yet to join as separate groups.
- ❖ Consider making changes as part of the annual pay review.
- ❖ Take a medium to long term view in changing benefits. Most organisations will have a minority of employees on the old plan after five years.

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