

Navigating Employee Benefits:

An A-Z Guide







Introduction

Employee benefits play an important role in people strategies. From supporting individual wellbeing to fostering organisational resilience, they can help companies successfully manage risks and navigate volatility.

However, companies are also having to balance conflicting issues – often with heightened attention on cost and return-on-investment.

It's more important than ever that companies are providing appropriate support for their employees; our Mind the Gap research shows that 53% of employees would switch roles if offered better benefits elsewhere. Implementing employee benefits can see a host of benefits for companies, including increased retention, improved productivity, and reduced absence levels.

This guide aims to provide a comprehensive overview of the employee benefits landscape; what you can offer employees, different implementation options and how to bring it all together into an effective strategy.

If you would like to discuss any of the key themes or suggestions within the guide, please contact our fantastic team at contact@pib-eb.com. We'd be delighted to help.

Jo

Joanne Neary
Head of Consulting
Joanne.Neary@pib-eb.com



What are Employee Benefits?

Employee benefits form a key role in the total remuneration package offered by businesses to their employees.

Employee Benefits Explained

Employee benefits encompass a wide range of non-cash incentives designed to enhance the lives of employees and their families. They are often a cost-effective method for businesses to improve compensation, without the flat outlay of salary increases.

Historically, employee benefits were limited to pensions, medical and life insurance. However, growing employee expectations, diverse needs, and a challenging socioeconomic environment have predicated an expanding benefits market. Employers are now able to offer employees a choice from an ever-growing list of employee benefits, enabling companies to take a holistic approach to targeting key people risks within their organisation.

Why are they important?

Employee benefits play a pivotal role in shaping the employer-employee relationship. They illustrate a company's commitment to wellbeing and ultimately drive success for the employees and the organisation.

Happier, healthier employees are good for businesses.

Employees increasingly seek employers who proactively prioritise their wellbeing; 24% want more support with their mental health, and 29% want more support with their physical health. Furthermore, 66% of employees want more flexibility and choice over their benefits selections. The need for an agile, inclusive approach is clear.



34% of employees are worried about their mental health to the extent it impacts work performance



Only 14% of employees are very satisfied with their current benefits



32% of employees would like more support with their current finances



Investing in employee benefits can yield returns beyond the immediate financial benefits: good employee benefits could lead to increased retention, improved acquisition of talent, and happier, healthier employees.

David Skinner, Managing Director



Types of Employee Benefits

Broadly, we can split types of employee benefits into insured benefits and non-insured benefits. Depending on the size of organisation, many insured benefits come with added-value offerings such as Employee Assistance Programmes and Virtual GPs.

Note: For the purpose of this categorisation we have excluded Pensions. But they should not be overlooked, especially as they are legislated requirement for UK businesses.

Insured Benefits

 Private Medical Insurance	 Group Life Assurance	 Group Income Protection	 Group Critical Illness	 Key Person Insurance
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Ancillary Benefits

 Health Cash Plan	 Dental	 Travel Insurance	 Saving Schemes	 Technology Loans
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Typically, an online benefits platform facilitates the delivery of these benefits to employees.



Flexible and Voluntary Benefits

Employee benefits can be offered on either a flexible or voluntary basis to employees – or a combination of the two.

Flexible Vs. Voluntary Benefits

Flexible Benefits

- > Paid for by the organisation
- > Benefits provided can be 'flexed' up or down
- > Alternatively, companies could offer a 'flex pot' for the employee to spend

Common examples: Private Medical Insurance, Group Life Assurance, Health Cash Plan

Voluntary Benefits

- > Paid for by the employee
- > Offers more autonomy over which benefits are chosen
- > Doesn't always require a full-scale investment from the organisation

Common examples: Dental Plans, Will Writing, Mortgage Broking

What is salary sacrifice?

Salary sacrifice involves an employee agreeing to receive lower gross pay in exchange for non-cash benefits. This arrangement can lead to tax and National Insurance savings for both employees and employers.

Common benefits include pension contributions, cycle-to-work and electric vehicle purchases. The landscape for salary

sacrifice eligibility and cost savings is constantly evolving, but there are typically either tax and/or National Insurance savings for employees and employer.

Salary sacrifice can impact statutory benefits like maternity pay, sick pay, and state pension entitlements, which are calculated based on gross pay. Employees need to ensure that their reduced salary does not fall below the National Living Wage/National Minimum Wage.



Making An Impact

How can companies get the best out of benefits?

Employee benefits can be more than just perks; they are strategic tools that can impact an organisation and its employees. How can organisations make the biggest impact with their benefits?

Understand your workforce

It's essential to thoroughly understand your employees' needs, preferences, goals, and gaps. Conduct surveys, focus groups, and one-on-one discussions to gather insights into what matters most to your employees factors such as age, family status, career stage, and personal goals.

Offer a diverse range of benefits

A truly impactful strategy recognises this diversity and offers a wide range of benefits that cater to various employee needs. Beyond traditional health insurance, group risk and pensions, consider incorporating benefits that will help employees manage and improve their lives.

Continuously evaluate

Creating an impactful benefits strategy is not a one-time task; it's an ongoing, iterative process. Regularly assess the effectiveness of your benefits offerings by analysing metrics such as employee engagement, take-up rates, and feedback.

Align with your company values

When your benefits resonate with your company's mission and values, they become more than just perks; they become a testament to your dedication to your employees' success and happiness. Authenticity is key, from benefits to the boardroom.



Employee Benefits: Explained

Types of benefit and what they mean for employees and employers.

Private Medical Insurance

One of the most in demand benefits, offering private health insurance to employees. This type of benefit can include helpful add-ons such as gym discounts.

Group Life Insurance

Accessible to all employees, life insurance offers assurance to an employee's family that in the event of their death they are financially protected - it can be paid as a fixed sum or multiples of the employee's salary.

Group Income Protection

It can be expensive for organisations to provide enhanced sick pay for employees. Income protection is a good alternative option, and is applicable to long-term absence. The amount payable is a maximum of 80% of the employee's salary. As an added service, the benefit can include, a digital GP, nutritionist, mental health support, wellbeing calendar and rehabilitation services.

Key Person Insurance

Offers protection to those key people that are irreplaceable to the organisation. A lump sum is offered in the event of death or illness that prevents them from working.

Workplace Pension

Pensions allow the employee to save for retirement and is organised by the employer. Under automatic enrolment legislation, employee and employer are required to pay a combined minimum contribution (currently set at 8% of earnings) into a pension scheme.

Relevant Life Insurance

This is a personal plan, offered to one person, acting as a life insurance that will be paid to their family in the event of death. If you own a small business personal plans can be more tax efficient.

Health Cash Plan

Covers routine health needs for employees such as, dental, optical and therapies.. Employees will be reimbursed for some of, or all the cost incurred. Cash Plans encourage employees to stay on top of their health, and proactively manage health concerns at an early stage.

Group Critical Illness

Supports employees that are experiencing critical illness, the benefit is paid as a lump sum to the employee and covers illnesses such as stroke, heart attack and cancer¹.



Online Benefits Platform

An online benefit platform houses the employee benefits for an organisation, allowing employees to access and manage their benefits. They can typically be customised to align to a company's internal communication style or brand.

Group Dental Insurance

This insurance aims to financially support the needs of employees for treatments such as check-ups, preventative and restorative work.

Group Travel Insurance

Provides protection for groups of employees when travelling against, illness, cancellations, loss of possessions or accidents.

Discounts Portal

A discounts platform gives employees access to a wide range of retail discounts at popular supermarkets, shops and entertainment venues.

Corporate Wellness

A wellbeing strategy should focus on improving health and wellbeing at an individual level, with the intent of bolstering organisational resilience. Wellbeing strategies often take a holistic approach that aims to reduce employee absence, sickness, boost morale and increase productivity.

Our Wellbeing Revolution survey (2024) found that 34% of businesses do not have a wellbeing programme and wouldn't know where to start, with most approaches being far from holistic. There is a rising demand for businesses to lead by example, openly advocating for the importance of self-care and work life balance. A holistic approach to wellbeing support recognises and addresses the interconnected nature of financial, social, physical and mental health.

Global Benefits

Global organisations often face additional complexity when it comes to employee benefits, especially if they want to create consistent strategies. There are several ways that companies can manage their benefits across multiple countries, from using local schemes to global arrangements to pooling. The best solution is dependent on location, coverage, and requirements.

Benefits Technology

How can employee benefits be implemented?

Technology Platforms

One of the most effective ways for companies to distribute employee benefits to employees is via an online benefits portal, providing easy, always-on access to benefits and discounts. Benefits technology platforms can encourage engagement and increase uptake – as well as providing actionable insights on employee interaction.

Online platforms also offer flexibility to meet the needs of a more diverse workforce; housing a range of voluntary benefits online can offer employees more autonomy over their benefits choices.

What features are offered?

The features offered on an online portal will vary widely depending on the provider. Platforms can include:

- > Access to retail discounts
- > Health and wellbeing support
- > Direct access to pensions
- > Reward and recognition
- > Total Reward Statements
- > Utilisation reporting
- > Payroll integration
- > Communication templates

Why invest?

Ultimately, online platforms can increase value for the employees and employer.

Commonly reported reasons to use a benefits portal include:

Increased employee engagement

- > In-built communication
- > Reduced administration burden
- > Easier access
- > Personalisation capabilities



Engaging digital experiences have become a base expectation for how people interact in the modern world, and this also applies to how they access their employee benefits. The technology for managing your benefits offering is essential for maximising value for both employees and employers.

Tarang McKenzie
Principal Consultant





28%

of employees
don't access any
information about
their employee
benefits





A-Z

An overview of key terms within Employee Benefits

This comprehensive list covers a wide range of benefits that employers can offer to employees.

Please note: This list is not exhaustive and may contain benefits that are only available directly from a provider or via a broker arrangement.





A

Accident Insurance

Provides financial protection by covering medical expenses and income loss due to injuries from accidents.

Allergy Screening

Involves tests to identify allergens causing reactions, helping manage and prevent allergic responses through avoidance or treatment.

Annual Leave Purchase Scheme

This scheme allows employees to buy additional annual leave, often through salary sacrifice, enhancing work-life balance.

Appreciation Programmes

Act as initiatives to recognise and reward employees or customers for their contributions, loyalty, or specific achievements.

B

Benefits Technology

Typically an external online platform offers employees a convenient way of accessing their employee benefits and alleviating some of the pressure on HR teams. Online platforms can encourage engagement, increase efficiency, increase uptake and provide actionable insights for HR leaders.

Bereavement Leave

Leave that is paid or unpaid time off from work granted to employees to grieve and manage affairs after a loved one's death.

Bonuses

Are additional financial incentives given to employees based on performance, achievements, or company success, enhancing motivation and satisfaction. These are often annual, quarterly or monthly arrangements.

Breakdown Cover

A service to support employees with vehicle breakdowns, including repairs, towing, and roadside coverage.



Cancer Support

Often encompasses emotional, practical, and medical assistance provided to employees – or their families – who are affected by cancer.

Car Lease Scheme

This is a contract where you pay to use a vehicle for a fixed period without ownership.

Car Maintenance

Provides regular vehicle servicing and repairs, enhancing convenience, safety, and reducing personal expenses for employees.

Car Parking

On-site parking offered for free and/or the provision of a permit that allows free parking in public or shared parking locations.

Childcare Assistance

Provides financial support or services to help parents afford childcare, reducing the financial burden of their attendance at work.

Company Car

A vehicle provided by an employer for business and personal use.

Concierge Services

Offer personalised assistance with various tasks, including travel arrangements, reservations, errands, and specialised requests.

Counselling Services

Professional support for employees to address personal and professional issues, either virtually or in-person depending on the provider.

Cycle to Work

Schemes allows employees to purchase bicycles tax-free through salary sacrifice, as well as cycling accessories.

D

Dental

Assistance for employees which includes coverage for routine check-ups, cleanings, fillings, and orthodontic treatments to maintain oral health.

Dependant Care Assistance

A benefit programme that helps employees cover expenses for dependant care, such as childcare or eldercare.

Disability Insurance

Offers income protection to employees in case of a disability that prevents them from working.

Discounts

Various discounts can be offered to employees as part of their employee benefits package including discounts on holidays, white goods, flights and family days out.





Education Assistance

Provides financial support for courses or degrees to enhance job-related skills and knowledge.

Eldercare

Refers to providing specialised support, healthcare, and assistance to elderly individuals to enhance their quality of life.

Emergency Care

Support for employees that provides emergency back-up care for dependent children or adults.

Employee Assistance Programmes (EAP)

Provide a free and confidential support service for personal or work-related issues for both employees and their immediate families.

Employee Discounts

Often includes discounts on products or services offered by the organisation.

Employee Value Proposition

Everything an organisation offers employees in terms of benefits, culture, and career opportunities.

Enhanced Parental Leave

Offers extended paid time off beyond standard allowances to support new parents' bonding and caregiving responsibilities.

Eyecare

Includes regular exams, prescription coverage, and protective eyewear to promote vision health and safety at work.



F

Financial Wellbeing Coaching

Guiding individuals to achieve financial stability, manage resources wisely, and cultivate long-term financial health and resilience.

Fertility and Family-Forming

A package of benefits which looks to support employees' reproductive health and parenting needs, fostering work-life balance and inclusivity.

Fitness Programmes

Giving employees access to gym memberships or on-site fitness facilities, or bringing third-party providers into the workspace to run fitness classes.

Flexible Benefits

Benefits paid for by the organisation and can be flexed up or down. These benefits allow employees to choose from a pre-determined selection of benefits to suit their needs.

Flexible Working

Refers to arrangements allowing employees to choose when, where, and how they work, promoting work-life balance and productivity.

G

Group Life Insurance

Accessible to all employees, life insurance offers assurance to an employee's family that in the event of their death they are financially protected - it can be arranged as a fixed sum or multiples of the employee's salary.

Group Risk Insurance

Provides coverage to a defined group of individuals, such as employees, offering benefits like life or disability insurance.

Green Car Scheme

Employees are incentivised with tax breaks or subsidies to use eco-friendly or electric vehicles.

Gym Memberships

Subsidised or free memberships to fitness centres for employees.



Health Cash Plan

A type of insurance that reimburses routine medical expenses not covered by standard policies such as opticians and routine dental examinations.

Health Insurance

Provides financial coverage for medical expenses, including hospital visits, medications, and treatments, reducing the need to rely on NHS support. Also known as Private Medical Insurance.

Health Screening

These can be offered to employees as a preventive health check-up to detect diseases early, allowing timely intervention for better health outcomes.

Holiday Buy/Sell Scheme

A scheme where employees can sell holiday time back to employers or buy additional days for personal time off.



Incentive Programmes

These are initiatives offering rewards or benefits to motivate individuals or teams toward specific goals or behaviours.



Learning and Development

Improving skills and knowledge through training programmes to enhance performance, growth, and effectiveness at both an individual and group level within an organisation.

Life Insurance

A contract providing financial compensation to beneficiaries upon the employee's death, ensuring financial security after loss.

Long-term Care Insurance

Provides financial coverage for extended medical and personal care needs due to illness or disability.



Meal Subsidies

Offers financial support to employees for their meals, often in the form of meal vouchers or on-site subsidised cafeterias.

Medical Leave

Allows employees to take time off work due to illness or injury with job protection and benefits continuation.

Menopause Support

Efforts from an organisation to support employees during the menopause through policies, education, flexible schedules, and understanding promote wellbeing, productivity, and inclusivity for affected employees.

Mentoring Programmes

Provide guidance and support through pairing employees with mentors for their professional development.

Mortgage Support

Advice and brokering for mortgages, often fee-free for employees.



N

Nutritional Counselling

Involves personalised guidance to improve health through diet, addressing specific needs, goals, and overall wellness strategies.

O

On-site Childcare

Childcare facilities which are located at the workplace.

On-site Health Services

Provide medical care and support directly at the workplace, such as flu vaccinations or health check-ups.



P

Peer-to-Peer Recognition

Acknowledgment and appreciation exchanged directly among colleagues, typically including a financial reward.

Pension Plans

Financial arrangements where employees receive income post-retirement, funded by their historic contributions.

Pet Insurance

Provides financial coverage for veterinary bills and medical expenses related to pets' health conditions and accidents.

Prenatal Support

Prenatal support by modern midwives includes holistic care, education, and advocacy to optimise health and wellbeing during pregnancy.

Q

Quarterly Bonuses

Additional compensation paid every three months based on performance, often used to reward employees' achievements and encourage motivation.

R

Retirement Support

Financial, emotional, and social assistance provided to retirees to ensure a comfortable and fulfilling post-career life.

Relocation allowance

Financial assistance provided to cover costs incurred when an employee moves for a new job.

Retail Discounts

Discounts which are offered to employees on from specific retailers, for example supermarkets or high street stores.

S

Salary Sacrifice

An arrangement where an employee agrees to forgo part of their salary in exchange for non-cash benefits, such as pension schemes and additional annual leave.

Saving Schemes

Saving schemes like ISAs offer tax-efficient ways to save and invest money, encouraging long-term financial growth and stability.

Season Ticket Loan

This is an interest-free loan offered to employees to cover the cost of travelling to and from work, typically via train or bus.

Share Scheme

Enables employees to acquire company shares, usually at a price beneath market rate.

Sleep Support

Includes resources, and initiatives promoting healthy sleep habits and addressing sleep-related issues effectively.



Technology Purchase

This scheme would allow employees to get a new smart watch, mobile phone, tablet, laptop or computer. Typically a spend limit is set by the organisation, the employee then repays the cost over 12 months through salary sacrifice.

Unlimited Holiday/PTO

A flexible time-off policy without a set limit on the number of days off.

Total Reward Statements

Provide summaries of all monetary and non-monetary compensation an employee receives, outlining their total value and contributions. This is an important way to communicate benefits to employees and boost satisfaction and engagement.

Travel and Holiday Money

Employees can save money on travel currency transactions with this benefit. The employee will be issued with a travel bank card which enables them to transfer money at a locked exchange rate.



Virtual GP

Medical consultation conducted remotely via technology, such as video calls, for diagnosis, treatment, and advice on health concerns.

Volunteer Time Off

Offers employees paid time off to volunteer for charitable causes.

Voluntary Benefits

These are additional perks employees opt into, beyond core benefits, such as wellness programs. These benefits offer greater autonomy for the employee.



Wellbeing Programmes

A group of initiatives aimed at improving employee health and well-being within an organisation, increasing productivity, reducing absence and promoting retention.

Will Writing

An organisation can provide will writing for employees, which is the legal process of documenting one's wishes for asset distribution after death.

Work from Home Stipend

Employees will receive financial support for home office expenses.



Y

Yoga Classes

On-site or subsidised yoga classes to promote physical and mental wellbeing.

Z

Zero-interest Loans

Loans provided by the employer with no interest charged, often for emergencies or specific purposes.





Get in touch

For more information on the issues covered in this guide, please get in touch with our benefits experts.

pib-eb.com

t. +44 345 565 1617 | e. info@pib-eb.com



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Endnotes

1 Source: <https://www.thepensionsregulator.gov.uk/en/employers/new-employers/im-an-employer-who-has-to-provide-a-pension/choose-a-pension-scheme/understanding-your-costs/making-contributions-to-your-pension-scheme>