



A PRACTICAL GUIDE TO
**EMPLOYEE
BENEFITS**

**JACKSON
STEPHEN**
WEALTH MANAGEMENT

A REAL ASSET

EMPLOYEE BENEFITS

LOOKING AFTER YOUR STAFF

As a full employee benefits consultancy, Jackson Stephen Wealth Management's aim is to ensure that the interests of management and staff are aligned to meet the current business objectives and to increase their potential to achieve more ambitious targets.

The tangible rewards of pursuing this policy can be seen on the balance sheet in higher productivity, lower staff recruitment and training costs, higher retention, and fewer days lost to 'sickness'. To achieve these key business benefits, we offer top level, performance enhancing packages including pension solutions, risk and healthcare cover, rewards and incentives.

We are completely independent and impartial and seek only the best terms for our clients. We arrange all insurance to ensure that the benefits match your contractual obligations and that contract terms and associated premiums you pay are as low as possible within the cost parameters in which you operate.

Jackson Stephen Wealth Management LLP advises employers on all aspects of the management and design of pension, health and welfare employee benefits programmes. Our advice is fully aligned to our clients' objectives and is always impartial and innovative.

The way in which we give advice is that which makes us different. We are solutions driven, not issues driven, and we give our clients direct advice, not just information. We analyse problems using fresh thinking to generate high quality, cost-effective solutions.

THE KEY DRIVERS FOR EMPLOYERS IN THE PROVISION OF EMPLOYEE BENEFITS

RISK MANAGEMENT

- Burden of regulation/government bureaucracy;
- Increased risks associated with providing benefits e.g. not complying with Age Discrimination/Workplace Pension reform;
- Most employers want to de-risk the benefits package - sometimes resulting in reduced segmentation of benefits.

COST

- Employers prefer neutral costs in terms of employee benefits (increase in tax and NI saving benefits to offset costs);
- Packages must add value and contribute to the bottom line in terms of attracting and retaining staff;
- Employers do not want increased workload to introduce benefits - systems integration and communication vital.

BENEFITS/COMPETITION

- Package must be competitive in relevant industry/profession;
- Employers are generally disappointed in the poor uptake of benefits;
- Pensions, Life Assurance and PMI seen as 'core';
- Majority of employers offer 'core' benefits with some flexibility.

WORKFORCE

- Mobility of workforce means that benefits must be flexible to meet the different needs of employees at different life stages in their working lives;
- Benefits must be 'fair' across the workforce;
- Majority of employers are expecting to review their benefits packages in the short to medium term.

At Jackson Stephen Wealth Management LLP we can offer a full review of all your employee benefits.

WORKPLACE PENSION

Under the Pension Act 2008, every employer in the UK must put eligible staff into a workplace pension scheme and also contribute towards it. This is called "auto-enrolment". If you employ at least one person you are an employer and you will have certain legal duties. These include;

MONITOR AGES AND EARNINGS OF YOUR STAFF

You must monitor the ages and the amount you pay your staff to see if you need to put any of them into your pension scheme. You must put them into a pension scheme and write to them within six weeks from the day they meet the age and earnings criteria.

KEEPING AND MAINTAINING RECORDS

You will need to keep certain records on aspects of your compliance with the auto enrolment duties, you will need to

- Preserve those records;
- Produce those records to the regulator, if requested.

By law, there are two different types of records that an employer must keep. These are:

- Records about jobholders and workers;
- Records about the pension scheme.

Most of these records must be kept for a minimum of six years, with the exception of those relating to opt-outs, which must be kept for four years.

MANAGE REQUESTS TO JOIN AND LEAVE YOUR SCHEME

If any of your staff, who can ask to join your scheme, write to you asking to do so, you must put them into it within a month of receiving their request.

Your staff can choose to leave your pension scheme after being put into one. If they do ask to leave within one month of being put into a scheme, this is known as opting out. If any of your staff opt out, you need to stop taking money out of their pay and arrange a full refund of what has been paid to date. This must happen within one month of their request.

RE-ENROLMENT

You have a duty to assess and re-enrol eligible employees into your workplace pension scheme every three years. These will include employees who have opted out; or chosen to pay in less than the minimum contributions of auto enrolment; or stopped paying pension contributions. Once you know who to assess, you will need to re-enrol. Re-enrolment is an ongoing process. You'll need to re-enrol all eligible employees on a three-year cycle.

SALARY EXCHANGE & PENSIONS

Salary Exchange can help you provide your employees with the opportunity to increase their pension contributions at NO extra cost!

WHAT IS SALARY EXCHANGE?

Salary exchange is an arrangement which enables your employees to boost their existing pension contributions. Alternatively, it can be used for both of you to save money. Your employee agrees to a reduction in their salary or bonus, under their contract of employment with you, and in return they receive the benefit of you paying the equivalent amount into their pension. Terms and conditions of employment will have to be varied as your employees are giving up their contractual right to the amount exchanged.

GOVERNANCE

CONTRACT BASED PENSION ARRANGEMENTS

The growth of product based pensions has been a feature of corporate pension strategy for some years now, with lower management attention and the absence of trustees being the key drivers.

However, many companies are now setting up quasi-trustee bodies to oversee the schemes. Far from being a return to the bureaucracy of trustees, such bodies are a valuable part of a company's governance process providing added value as well as reducing risk.

With a tried and tested governance process and a range of solutions to meet your specific needs, Jackson Stephen Wealth Management LLP can ensure that a governance committee is a benefit to the company and not a burden.

A key principle of contract-based governance is establishing what a corporate body is for and what it is not for.

In short, what actually matters to the company and the pension scheme members?

Many company issues are risk-related, including:

- **Operational risk.** Hazards and the day-to-day running of the scheme (e.g. contributions not being paid on time, benefits being paid to the wrong people, mistakes or delays in the retirement process);
- **Advice risk.** How do you manage the position that members do not interpret your communication or default position as advice?
- **Strategic risk.** How does your strategy encompass multiple schemes, say on a merger or acquisition? What impact might legislation, competitors, media or corporate restructuring have on the scheme?
- **Investment risk.** Is the default fund appropriate for the membership? Does the provider offer a range of funds that are sufficient to cover the needs of the membership?

In addition, each scheme will have a range of other day-to-day issues which merit attention:

- What is the take-up rate and perception of the scheme?
- Do you get value for money, are the scheme charges competitive?
- Are members' benefits in line with expectations that have been created or is additional education and communication required?
- Is the default fund performing as it should and is it still appropriate for the members of your plan? Is there sufficient choice outside the default fund should members wish to select funds themselves?

At Jackson Stephen Wealth Management LLP we will look to develop a robust governance framework with you that are appropriate to your needs both now and in the future.

GROUP RISK BENEFITS

Our risk practice comprises our risk benefits and healthcare teams. These teams focus on providing independent consultancy and broker services for risk-based benefits, medical insurance and other health related solutions. Committed to creating certainty for our clients, we aim to work in partnership with you to determine your needs, identify the most suitable options and the most effective financing methods and advise you on benefit selection and management.

Other services:

- Tax Planning
- Advice, Development, Strategy
- Audit, Accounts, Tax Compliance
- Outsourced Services
- Corporate Finance
- IT Management
- Wealth Management



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