

## 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.

More detail can be found on each of these topics in my book *Reward Management*, published by Kogan Page, May 2022.