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# NAVIGATING EMPLOYEE BENEFITS DURING COVID-19

COVID-19 has brought the issue of staff retention and wellbeing to the top of the employer agenda, placing the true value of employee benefits firmly in the spotlight. Now is the time to adapt to the unique challenges that the pandemic has presented with regards to employee benefits in order to grasp the opportunity to demonstrate that you, as an employer, are fully willing and able to support your employees, their families and their mental-financial wellbeing during difficult times.

## **How to get the most out of your employee benefits and rewards package**

The most effective approach for best return on investment from your employee benefits package is to deal with issues as soon as possible after they arise. How? By choosing the benefits that you offer wisely.

## **Which benefits will prove the most valuable during the pandemic?**

The occupational health and early intervention services associated with private healthcare and group income protection policies will prove especially valuable during this time to minimise the risk of extended workplace absence. Employee assistance plans are also important to support your team in taking control of issues and building effective solutions.

## **Can I still receive treatment privately?**

With NHS waiting lists at an all-time high, private health insurance will prove invaluable for companies of all shapes and sizes. You can still make claims and while all non-urgent treatment is on hold for the foreseeable, most insurers have offered additional invaluable provisions including digital access to GPs and specialists, additional mental health support and 24/7 helplines with access to pharmacists, midwives, counsellors and nurses to answer questions about treatment and medication.

PMI policies will expedite treatment and reduce workplace absence by treating issues before they escalate. Income protection will also prove valuable in the case of unavoidable long-term health conditions to minimise the financial and administrative impact of employee absence.

## **How to make sure staff are engaged with your employee benefits and rewards package**

The health and financial crisis that is COVID-19 has made the issue of communicating with employees even more challenging due to increased instances of working from home or being furloughed. But with more employees than ever facing potential career disruption and extended workplace absence due to physical and mental health issues, this is one of those times where benefits really prove their worth.

## **How can I increase employee engagement?**

The ultimate goal is to ensure that employees feel that their safety and wellbeing is prioritised and this means staying in contact on a regular basis and choosing your methods carefully to appeal to every member of your workforce.

Depending on the size of your business, the number of teams and other key factors, this may constitute documents sent out via email or uploaded to the company intranet, Zoom presentations or one-on-one consultations and daily team meetings or individual check-ins to make your staff feel nurtured.

Be considerate and mindful of the different challenges facing employees that are working from home and adopt a flexible approach where necessary to show that you are aware of the unique pressures that they are under. By creating a supportive and positive work environment despite COVID-19, you will establish a sound base from which to start a successful conversation about benefits.

### **What impact has COVID-19 had on benefits and offerings to staff?**

Since the pandemic, research shows that some employers have increased their spend on employee assistance programs and provided or expanded access to telemedicine. There has been a sharpened focus on wellbeing initiatives and their link to financial planning. An increase in the numbers of employee mental health issues (depression, stress and anxiety) has also seen companies reviewing their benefits packages surrounding mental health and stress management services. The issue of Long Covid has pushed the value of income protection to the forefront, while there is also the issue of employees needing to wait longer for diagnosis or treatment for other serious health conditions to consider. This in turn has increased interest in private healthcare. We have also seen increased awareness of the benefit of benefits among the younger generation with income protection enquiries increasing significantly among the under-25s.

### **What impact has COVID-19 had on benefits and offerings to staff?**

With the pandemic throwing business as usual into disarray, it is important to make sure your employees stay on track with their pension goals and continue to save towards their ideal retirement while you ensure that your workplace pension scheme is providing optimal benefits.

### **Are your employees at risk?**

Recent research\* shows that a quarter of savers have reduced their pension contributions or stopped them entirely since the Covid-19 crisis hit and even more are considering doing so, with men and younger workers more likely to neglect their savings.

### **How much should people be saving?**

It is essential to encourage employees to continue to prioritise their pension during this time and protect their long-term plans. Advise them to look at ways to cut back in other areas as opposed to their pension savings. While auto-enrolment requires the minimum contributions from employer/employee combined to be a minimum of 8%, it may be advisable to encourage workers to save 15% or more in order to enjoy a more comfortable retirement.

### **How does auto-enrolment help and what are the risks of pausing/stopping pension payments?**

Any gap in pensions savings means missing out on pension tax relief from the government as well as employer contributions. There is also the impact of compound investment growth to consider, which means that the earlier in their career that employees start saving via pension contributions, the better growth prospect for their pension pot. Cyclical re-enrolment obligations prevent pensions slipping entirely off the radar and provide a reason to start an essential conversation around retirement goals.

### **Do any of your team fall into a pension savings risk group?**

Those of an ethnic minority, home renters (as opposed to owners), part-time and self-employed workers, those earning below £30k and women are all at a higher risk of insufficient pension savings\*\*.

Workers aged 55 or over are more at risk than normal due to the pandemic as they are increasingly drawing on their pension pots to supplement their income. Those dealing with a 20% loss of income may also feel compelled to reduce contributions or opt out of their workplace pension.



## **Auto enrolment and the self-employed**

Self-employed workers are one of the most at-risk groups as they don't receive any employer contributions and the pandemic has left many more financially vulnerable. Research shows that 85% do not save into a private pension at all and the rate of pension wealth among those that do is around 25% less than the average population. While the government has been called on to make policy changes to support this demographic in later life planning, now is the time to make your own arrangements.

## **Your Employee Benefits Review**

We always recommend all pension savers and workplace pension scheme managers undertake regular reviews, especially during more challenging times. If you have any questions regarding the above strategies, contact us today for a comprehensive review.

\*Hargreaves Lansdown

\*\*Scottish Widows Retirement Report 2020.

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