2017 Employee Benefits Insight Report
An Introduction
This is an abbreviated version of the full report
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Email insight@mattioliwoods.com for a copy of the full report
Welcome to the Mattioli Woods Employee Benefits Insight Report 2017 - An Introduction*

The employee benefit market has never seen so much change. We are now nearing the end of the initial auto-enrolment legislation that started as far back as 2012. With taxation changing, legislation targeting higher earners and new ways of saving being launched, it is an exciting time to be in the reward space.

Employers increasingly want to see a return on investment around their benefit spend, and benefits communication must improve to assist employers in achieving this. We firmly believe that this can be achieved through a combination of the fantastic tools now available online with an overlay of face to face contact.

The 2017 Employee Benefits Insight Report encapsulates a diverse set of employees across both the qualitative and quantitative measures, asking the questions of the day regarding the trends employers are seeing and also analysing the benefits they provide, who they provide them to and at what level.

This insight is brought to you from across the UK, in many different sectors of the economy; some doing well, others not so. Responses are, in the main, from Human Resource professionals working within these employers; however, the respondent will depend on the size of the organisation and the central resourcing it has. Our quantitative survey looks at smaller employers who are often ignored in larger surveys, an area of the market that still needs the insight we can provide.

One of the key areas covered in the 2017 Employee Benefits Insight Report is financial wellbeing, which encompasses how people feel about their own financial situation in today’s world. This includes understanding the benefits you provide as an employer and also employees’ wider finances such as mortgage, debt and savings – all issues that can occupy the mind. We firmly believe in advice to employees, and the new rules that were due to take effect in April this year (hopefully slightly delayed due to the General Election) will make that much easier for employers to fund. Our survey shows that a significant minority will want to do that, meaning they have a head start on attracting and retaining employees.

We also see an increasing trend in the use of technology. The Mattioli Woods flexible benefit solutions are gaining traction with clients, providing the tools to deliver effective benefit communication and introducing choice for the diverse workforce. Voluntary benefits continue to gain in popularity as employers look for benefits that are cost effective and valued by employees.

Our quantitative approach sees us able to split over 2,500 employers into their market sectors, ranging from smaller businesses (those below 100 employees) to the largest employer at 80,000.

We focus our services on employers with up to 1,000 employees. There is a distinct lack of information for this sector, and our benchmarking will enable this group to compete with their peers in the reward and benefit arena. Our goal is to allow these businesses to attract, retain, motivate and engage the very best talent.

This research will allow you to work towards a benefits strategy that delivers for all. For a copy of the full insight report, please email your details to insight@mattioliwoods.com.

* Please email insight@mattioliwoods.com with your details for a copy of the full survey
Mattioli Woods are the people to turn to for any employee benefit related issues.

Simply put, we’ve got it covered!
Methodology

The underlying methodology draws on both qualitative interviews and quantitative data together with some background desktop analysis to provide a macro context for the data.

Part One - Qualitative

The first section of the full report is qualitative research summarising the results of just under 10,000 phone calls with employers over December 2016 to March 2017. We had in-depth conversations with 300 company decision makers to capture their attitude and current perspective on benefit provision.

Part Two - Quantitative

The second part of the full report is quantitative data-led research. Our research team own an extensive database of 10,000 UK companies. This analysis concentrates on 2,692 firms. There is a wide spread of UK companies representing the main industry sectors and a spread of small to large employers. Each piece of data has gone through a telescreen process between 2016/2017 and firms were included in this quantitative sample because they had a complete view. Those firms included in this sample had the best depth and breadth of data available and therefore provided the most complete view.

This section shows the overall generic benefit trends together with a comparison of benefit trends between different sectors. Page 28 of the full report provides an overview of the sectors represented.

Objectives

We have several objectives for this research but the key one is to provide robust, unique and reliable insight. Both the dataset and interviews provide a randomly selected company profile from which we could gather initial ideas and signposts.

We wanted to enable employers to benchmark their employee benefits against other companies in their sector and other sectors. We wanted to understand any underlying reasons or motivations so we analysed both sets of information to establish what the prevalent trends were. We drilled down to gain an understanding of underlying behaviours and attitudes.

Trends

Our research team drilled deep into employers’ views on responsibility for financial education by asking questions about who should pay for education, and as a result we had some interesting and somewhat surprising results. We also asked employers to think retrospectively, in most in stances, on what was the most cumbersome part of the automatic enrolment process for them.

The majority of our sample have already staged and therefore we were interested in how many, having got over that hurdle, were now actively considering reviewing their benefits strategy.

Lastly, we have also included questions around the restriction of salary sacrifice and as you will see towards the end of this section there is a surprising amount of confusion with employers on what salary sacrifice actually is.

Please email insight@mattioliwoods.com with your details for a copy of the full survey.
An Introduction

A return of 300 completed questionnaires is significantly more than comparable sources available. Employers who took part were interested and engaged in this research. They were keen to have their voices heard and keen to know how their model related to their competitors. There are several themes emerging from this year’s research.

Workplace pensions

Workplace pensions (master trusts) are commonly utilised in a post auto-enrolment (AE) world. On the whole pension contributions are in line with the AE legislation. Some 49% of employers use Group Personal Pension (GPP).

What type of pension provisions do you offer?

Group personal pensions (GPP) are still the most widely offered pension across all industries and company sizes with (as could be expected) a trend of smaller companies moving to lower cost master trust pensions because of automatic enrolment. We had more participants at the very large end of employer size this year, which perhaps explains the high percentage of defined benefit (DB) and closed pensions.

<table>
<thead>
<tr>
<th>Type of Pension</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>GPP</td>
<td>49.04%</td>
</tr>
<tr>
<td>Master Trust (GPP)</td>
<td>34.52%</td>
</tr>
<tr>
<td>DB</td>
<td>3.56%</td>
</tr>
<tr>
<td>DB (closed)</td>
<td>6.58%</td>
</tr>
<tr>
<td>Other (closed)</td>
<td>3.56%</td>
</tr>
<tr>
<td>SIPP</td>
<td>2.74%</td>
</tr>
</tbody>
</table>

Financial education

There is a greater need than ever for financial education. There is no clear understanding from employers about who will deliver this and how. However, there is overwhelming agreement that it is needed (page 14 of the full insight report*). A total of 35% of employers believe that the government has responsibility for this – this is clearly not going to be the case.

Is financial advice something you feel your employees would value and benefit from?

While 85% said ‘yes’ financial advice is something their employees would value and benefit from, if we look at this result together with the later question on who should pay for advice we see that only 40% of employers have an appetite to pay for advice.

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Reviews

Over the next year there is a spike in those who plan to review their existing AE arrangement (55%). There is a shift in many employers thinking, they are over the AE implementation hurdle and asking what is next? They are now setting aside budgets for reviews.

When do you plan to review?

Over 50% indicated that they plan to review in 2017 and this figure rises to over 70% (2017, 2018) in the next 2 years. Businesses would seem to recognise that there is a need for a review. Many have already had a couple of years of automatic enrolment and expect to review this, which suggests strong benefits management.

Staff satisfaction

Staff satisfaction/popularity are the key drivers in benefit provision, with four out of ten employers expecting to actively increase their benefits package in 2017, which suggests budgets are available and there is a buoyant employee benefits market.

Do you intend to improve your employee benefits package in 2017?

37% of employers are proactively looking to increase. Similarly, 36% have not considered yet. It may be fair to assume that those who are proactively improving their packages are those who have reviewed?
Outlook

Automatic enrolment and pension freedoms have gained momentum over the last year. One regime is designed to compel people to save over the long term, and the other is freeing up pension savings and allowing people greater access to their savings pot.

The overarching impression from our research is that firms have responded to the challenges presented to them. Most companies have now staged, they got over the line but not without challenges, and they recognise that there is more they can do.

Technology

Only 12% of employers have a fully flexible benefits platform showing the scope that technology has to gain in the Employee Benefits market.

Do you use technology to manage your other employee benefits?

It is surprising to see such a high percentage (72%) have no technology solution in place and a further 16% have only a very basic benefits platform. This is astounding given we live in an era which is so technology driven. Benefits administration is complex and resource heavy, employers need help to understand the long-term return on investment here and the value a benefits platform brings in terms of time saving and automation. Only 11% companies are making use of a fully flexible benefits platform which uses technology to help manage and communicate employee benefits.

Communication

75% of employers still communicate with staff through individual personalised letters.

Most favoured communication type

Letters are one way communication, they don’t give employees scope to ask questions. When asked which was the most favoured communication type, most (39%) said personal letter.
Value for money

Over 60% of employers feel confident their benefits package offers value for money but fewer than 15% know that the staff value the benefits reward package they have in place. This suggests a serious disconnect.

<table>
<thead>
<tr>
<th>Confidence Level</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>1</td>
<td>6.87%</td>
</tr>
<tr>
<td>2</td>
<td>7.22%</td>
</tr>
<tr>
<td>3</td>
<td>25.77%</td>
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<tr>
<td>4</td>
<td>39.52%</td>
</tr>
<tr>
<td>5</td>
<td>20.62%</td>
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</table>

How confident do you feel that the benefits package you provide offers value for money?

On a scale of 1-5 (5 being most confident)
The full Insight report includes quantitative data from all over the country across many industries. Email insight@mattioliwoods.com for the full report.
OUR EMPLOYEE BENEFIT SOLUTIONS WILL HELP YOU TO ACHIEVE THE RIGHT MIX TO ATTRACT, RETAIN, MOTIVATE AND ENGAGE THE BEST TEAM.

• We will provide you with a wide and attractive range of flexible benefit options to pick from

• Our dedicated team will be on hand to discuss and advise you on your options (including a full health-check of your existing arrangements)

• We will provide you with the right tools to assist with the implementation and running of your employee benefit scheme

Complimentary employee benefits audit

Our employee benefits experts will look at your existing employee benefits and make recommendations on how they can be improved, with a close eye on your budget.

Financial education workshops

Choose a group of your employees to receive a taster of our incredibly powerful and popular financial education workshops. Whether just starting their career or close to retirement, these workshops will give your staff the drive to achieve more for both themselves and your business.

Whatever size your business, we will ensure you have the right amount of cover for your company and employees’ needs.

GUIDANCE FOR LIFE...

Celebrating 25 years in business
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Please email insight@mattioliwoods.com with your details and we will send you the full survey.

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