

UK Employee Benefits



Employee benefits can feel costly, but losing the wrong staff member can be far more expensive. The reason a lot of businesses see them as a drag on the bottom line is because they aren't putting enough thought in and just throwing the kitchen sink at everyone.

You are going to be a lot better off if you focus on the benefits that really matter to your team. If you do you'll be able to better retain talent and keep them healthier, happier and working more productively.



Pensions

All employers in the UK must auto enrol their employees into a pension scheme.

The level at which you do this can say a lot about you as a (prospective) employer. You can either simply be compliant with the law at the minimum level or look to make a positive statement to your team. To be compliant with legislation employers need to contribute 3% and employees 5%, if you are contributing upwards of 8% then an employee's contribution is optional.

The best advice is to stay in line with your place in the market for talent. If you are an overseas company, don't be tempted to simply replicate what you do 'at home' as it could be wildly different from common practice for an employer your size in the UK.

UK standards for selected industries:

Source: ONS Annual Survey of Hours & Earnings 2019

Average contribution as % of salary

	Employee	Employer
All industry average	5.5%	5.9%
Accommodation & Food Services	5.2%	3.7%
Administrative & Support Services	5.3%	4.2%
Arts, Entertainment & Recreation	5.3%	4.0%
Financial & Insurance	6.0%	9.5%
Information & Communication	5.6%	6.9%
Professional, Scientific & Technical	5.6%	5.9%
Wholesale & Retail Trade	5.3%	4.8%

An employer can choose to make contributions based on either qualified earnings ([between £6,240 and £50,270 for 2023/24](#)) or an employee's full salary.

For more information on Auto Enrolment see our [Quick Guide](#).

Health and Wellbeing Care

If you are only going to choose one optional benefit to offer in the UK, private healthcare should be it. Here's why.

1. With a healthcare scheme in place your staff will work more (and harder)
The National Health Service (NHS) in the UK is overstretched and the stress of waiting for a doctor's appointment can compound any symptoms and create more workplace absences and lost time. A staggering 90% of GP appointments are taken up by the "worried well" - plenty of providers provide same day appointments meaning your team won't be among them. You'll see more of them and they'll be more relaxed, motivated and productive when you do.
2. Dental Insurance can be set up as a stand alone benefit or bolted on to your company healthcare policy. This provides fast access to treatment with minimal disruption to your employee's routine.
3. It can help you recruit talent.
51% of staff at UK SMEs would like benefits that help them manage their physical & mental health and wellbeing. Less than 30% of UK employers provide them. If you do, then you have a clear advantage when it comes to securing the people that you want to hire.
4. It's not as expensive as you think.
Things like Private Healthcare and Dental Cover in the UK are relatively inexpensive. Healthcare can start from £50-£100 per month for each employee (depending on age and history) with Dental Cover often being around £25 per person.
The overall investment will likely be repaid by faster recruitment, improved retention, a reduction in sick days and fewer unnecessary absences. All this plus the benefits to your business of your team's improved mental health simply from not waiting weeks or months for an appointment.

Life cover and income protection

Offering healthcare benefits to your team is equivalent to offering peace of mind. Other benefits like Income Protection and Life Cover can be seen as an extension to that.

People want to know that if they are unable to work that they will still be able to afford to live. And, should the worst happen, that their loved ones will be looked after.

The costs of Life Cover and Income Protection are dependent on both the employee's age and salary - and of course how much cover you are looking for. If you are looking to stay in line with the UK standard for Life Cover of four times salary then you would likely be paying no more than a few hundred pounds per employee per year for both benefits.

Don't forget. As well as protecting your employees you are also able to protect your business against incapacity or loss of key team members.

Share Options

There are lots of different options and in the UK they can be very tax efficient. We have a guide to UK Share Option Schemes [here](#).

If you are looking to use share options to motivate a global workforce things can get more complicated.

You'll need both tax and legal advice before implementing any scheme whether in the UK or across multiple territories. The sooner you have those conversations, the sooner you'll be able to work out what the right approach for your business is.

Other employee benefits & perks

There is a lot of hype and chatter around a wide variety of employee perks and optional benefits.

Some popular ones are:

- Cycle to Work (see our [Quick Guide](#) for more info)
- Electric Vehicles ([Quick Guide here](#))
- Season Ticket Loans & Travel Subsidies
- Corporate Mobile Phone & Computer
- Subsidised Food & Drink

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Disclaimer: This note does not contain a full statement of the law and it does not constitute legal advice. Please contact us if you have any questions about the information set out above.

There will be an optimal way to do these things, but be warned they are often not tax efficient. Bottom line, find out what your people really value and build

	Start up	Scale Up/SME	Blue Chip
Workplace pension	Minimum payments	4% - 8% Employer contribution	10% + Employer contributions
Share Options	✓	✓	✓
Social Functions and Parties	✓	✓	✓
Private Health / Dental		✓	✓
Digital GP service		✓	✓
Life Assurance		✓	✓
Income Protection		✓	✓
Optical Cover		✓	✓
Employee Assistance Plans		✓	✓
Critical Illness Protection			✓
Cycle to Work scheme			✓
Gym Membership			✓
Flu Vaccinations			✓
Discounted Shopping Vouchers			✓
Company Car			✓
Flexible Benefits			✓
Subsidised meals / canteen			✓