

Contents



Introduction

Welcome to the UK Benefits & Trends Survey 2020 – celebrating its 10th anniversary, our comprehensive study looks at the benefits offered by companies across a variety of sectors and the trends in key benefits provisions.

Let's get back to basics. Why do employers offer benefits? Yes, it's about valuing and rewarding your people, but it's also about recruitment, retention, productivity, engagement and risk management – it helps fulfil a culture where people actively want to work.

A massive thank you to all the firms that took part in the survey this year – enabling us to draw upon findings to decipher and understand the key benefit provisions and trends. This year's survey draws responses from 200 participants across a broad range of sectors, representing employers of varying sizes, from small to medium enterprises to large multinational organisations.

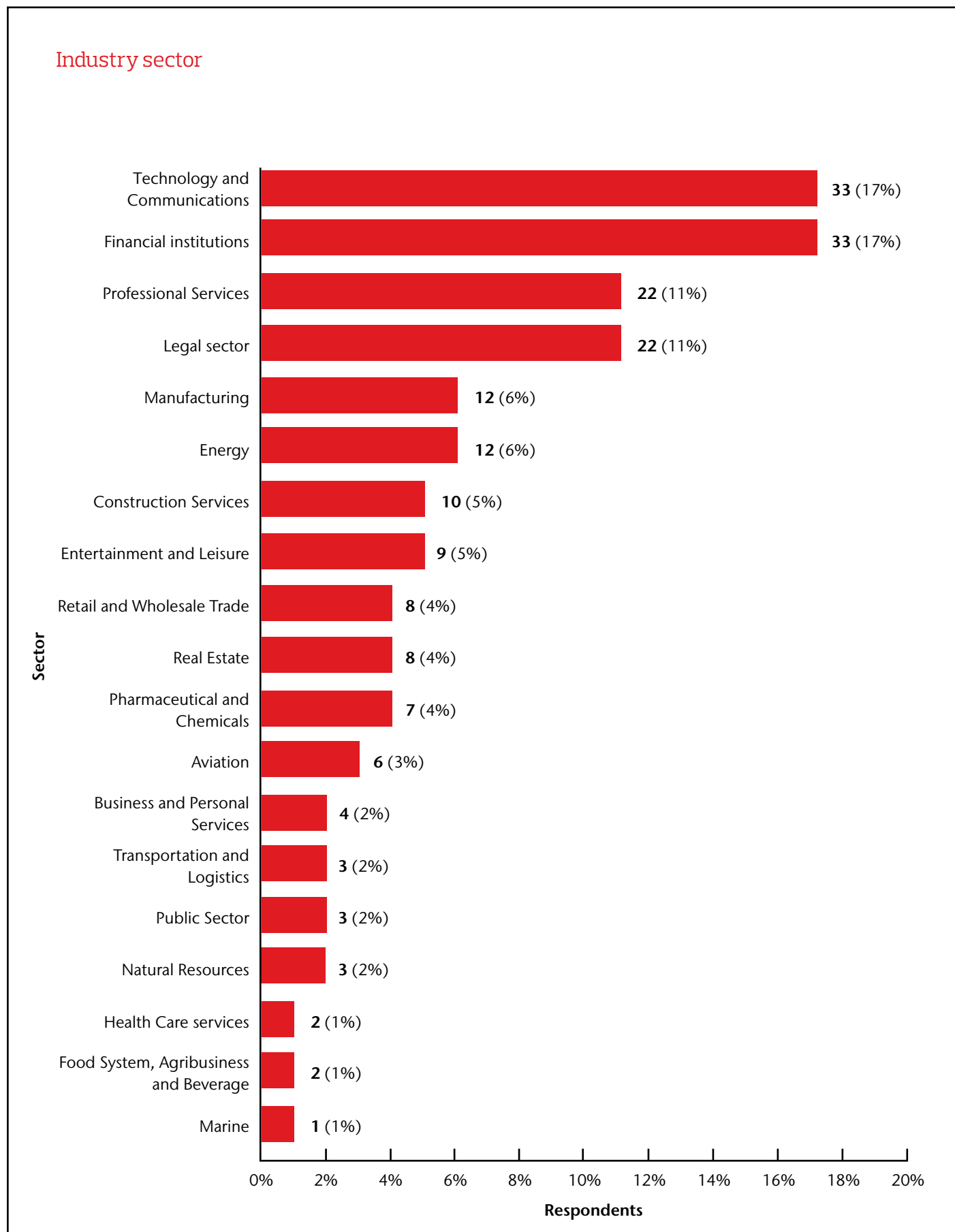
The report outlines key findings whilst offering our expert view on what the results mean for the industry as a whole - giving you a practical perspective on benefits trends around:

- » Benefit strategy and design
- » Health and wellbeing
- » Communication and engagement
- » Workplace pensions

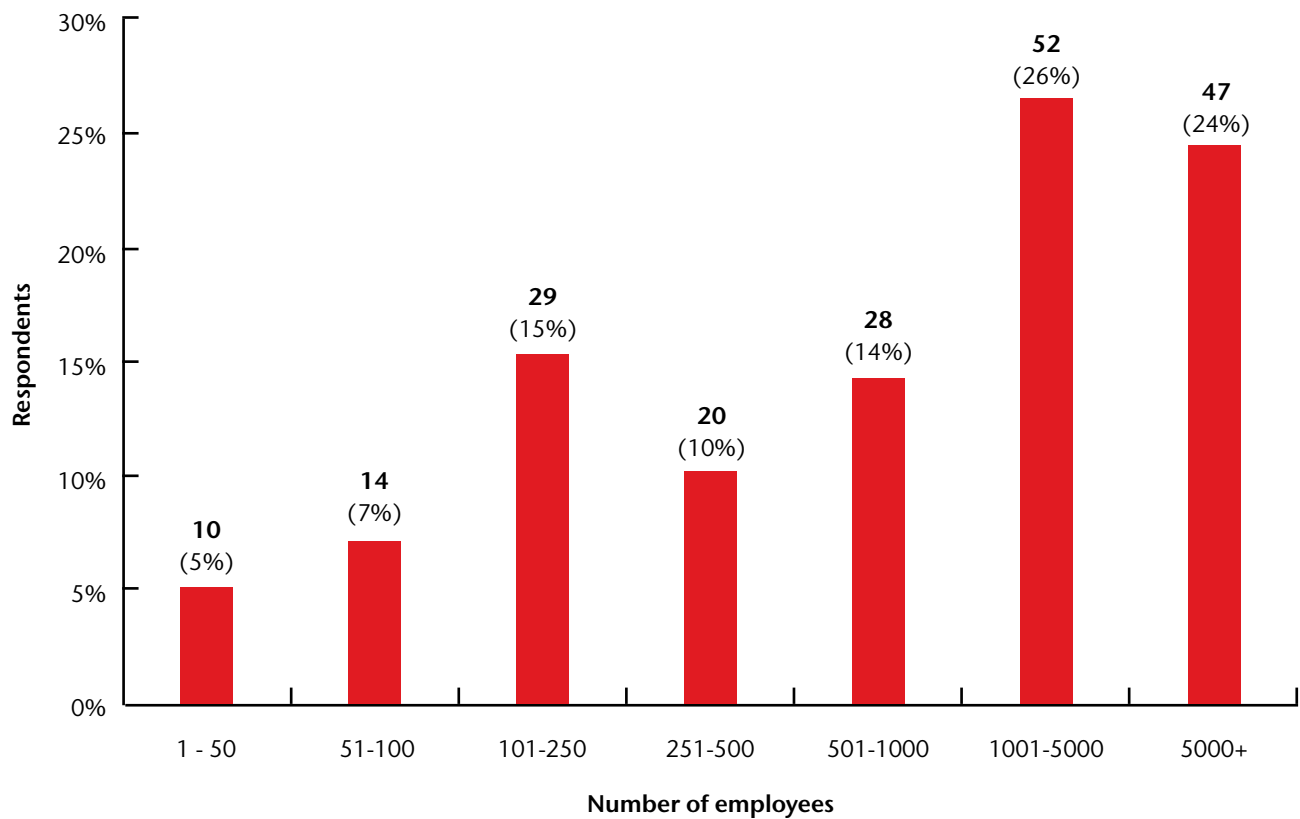
Overall, we hope you find this report useful as part of your ongoing employee benefits strategy planning and would encourage you to use these findings to help you consider how your benefits package benchmarks against the market and can be best positioned to address your own organisation's issues and objectives.

Please note where the total percentage of respondents add up to more than 100%, this is due to percentages being rounded up to the nearest decimal place and/or respondents being able to select more than one response.





How many employees does your organisation have?



Benefits strategy and design

Global strategies

Key findings and insight

Last year we started to ask about trends in global benefits strategies. As with last year, almost three-quarters of companies describe themselves as “international” and although the mix has changed, there is a consistent 72% who either have or are working towards a single global benefits strategy.

There is also very little shift in those using (15%), or planning to use (27%), a single global platform to manage their benefits.

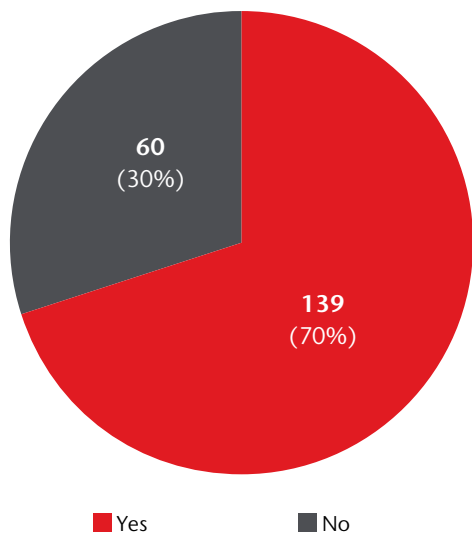
Similarly, the number who benchmark their benefits against competitors remains consistent at just under 80%.

It appears that, for international companies, adopting a single global benefits strategy is still work in progress – as is managing benefits globally using a single technology platform. Anecdotally, our experience in talking to clients during 2019 has been that getting to grips with a global benefits strategy is increasing in importance.



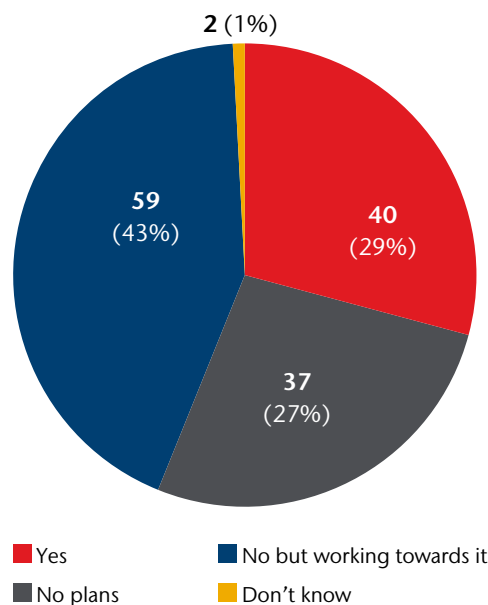
Question 1

Is your company international
(i.e. employs people in other countries)?



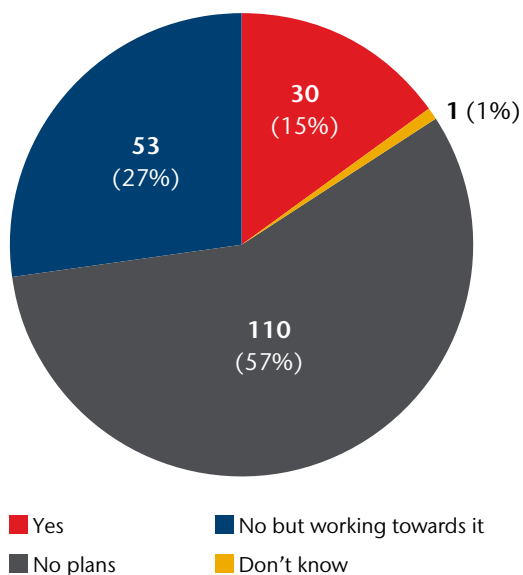
Question 2

If yes, do you have a single global benefits
strategy or guiding principles?



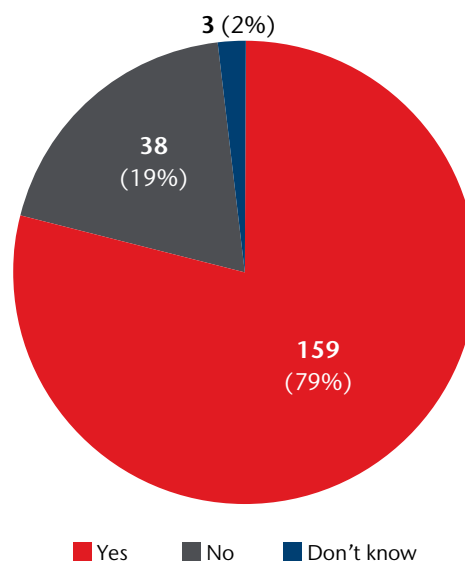
Question 3

Do you manage your benefits using
a single global benefits platform?



Question 4

Do you benchmark your benefits with
your peers?



Employee Value Proposition

Key findings and insight

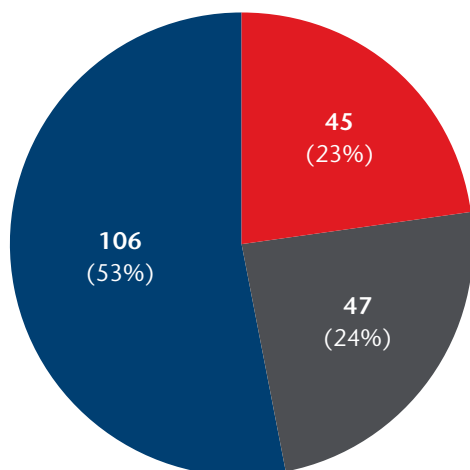
Three-quarters of organisations now either have, or are working on, an Employee Value Proposition (EVP), which is virtually unchanged from last year. However, there has been a notable increase in companies communicating their EVP to employees. Last year we were surprised that almost one third of organisations didn't communicate their EVP, but this has now fallen to less than a quarter.

There has also been a big increase in companies who believe that their EVP has a positive impact on employee engagement (up from 65% to 77%), retention (up from 63% to 76%) and recruitment (up from 70% to 78%).

The concept of an EVP is now becoming the new normal and many more employers are developing clear branding and messaging around the whole "employee experience". Employee benefits are just a part of that overall experience, so developing a joined up approach with values, culture, policies and benefits is vital in creating a successful EVP. This is of critical importance; as we witness employees' expectations of the workplace changing rapidly – with employers having to respond accordingly to recruit and retain the best talent.

Question 5

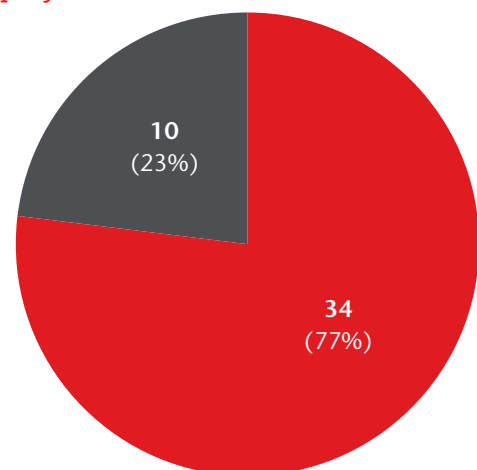
Do you have a clear Employee Value Proposition (EVP)?



- Yes
- No plans to develop
- No, but planning on developing one

Question 6

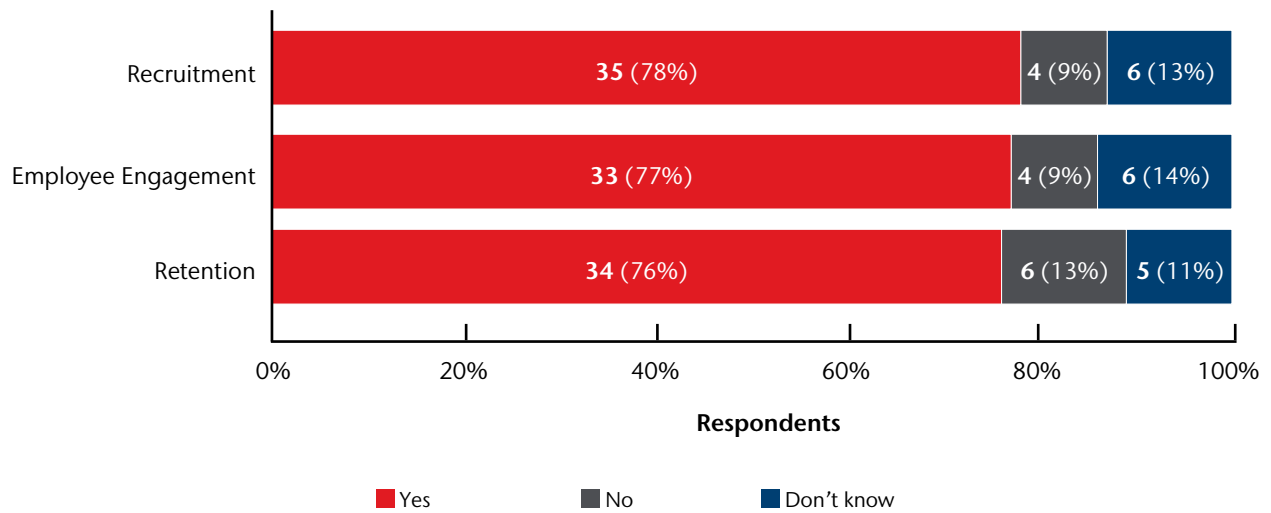
If yes, is the Employee Value Proposition communicated and explained to employees?



- Yes
- No

Question 7

Do you believe your Employee Value Proposition has a positive impact on the following?



Online and flexible benefits

Key findings and insight

Online and flexible benefits continue their upward trend with 50% of companies now offering them to employees, up from 45% last year. Most companies measure employee engagement in their online offering through benefit take-up rates and portal clicks. As with last year's survey, communicating with employees remains the number one challenge. We added in a new option this year of "offering enough benefits to satisfy diverse employee needs" and this was identified as the second most common challenge. Technology has now risen to third in the list of key challenges.

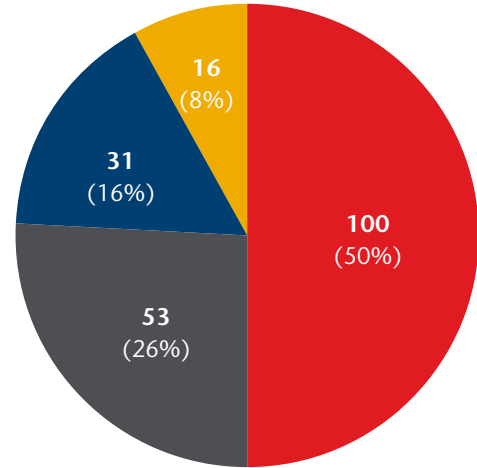
Presumably in response to these challenges, we are now seeing more interest in the use of apps to engage employees in their benefits. Although only 14% currently have an app, almost one third are considering introducing one – and this is certainly a strong trend we are seeing with our own online clients.

The top three objectives for benefits strategy are employee engagement, retention and employee choice. Employee engagement now exceeds all other objectives.

Employers rate their success in achieving their objectives very similarly to last year, with relatively few believing they are "very successful" but over half rating themselves as "somewhat successful". Last year we found that 14% of companies weren't measuring objectives, but this has fallen to 9% this year.

Question 8

What is your current situation in regards to online benefits?

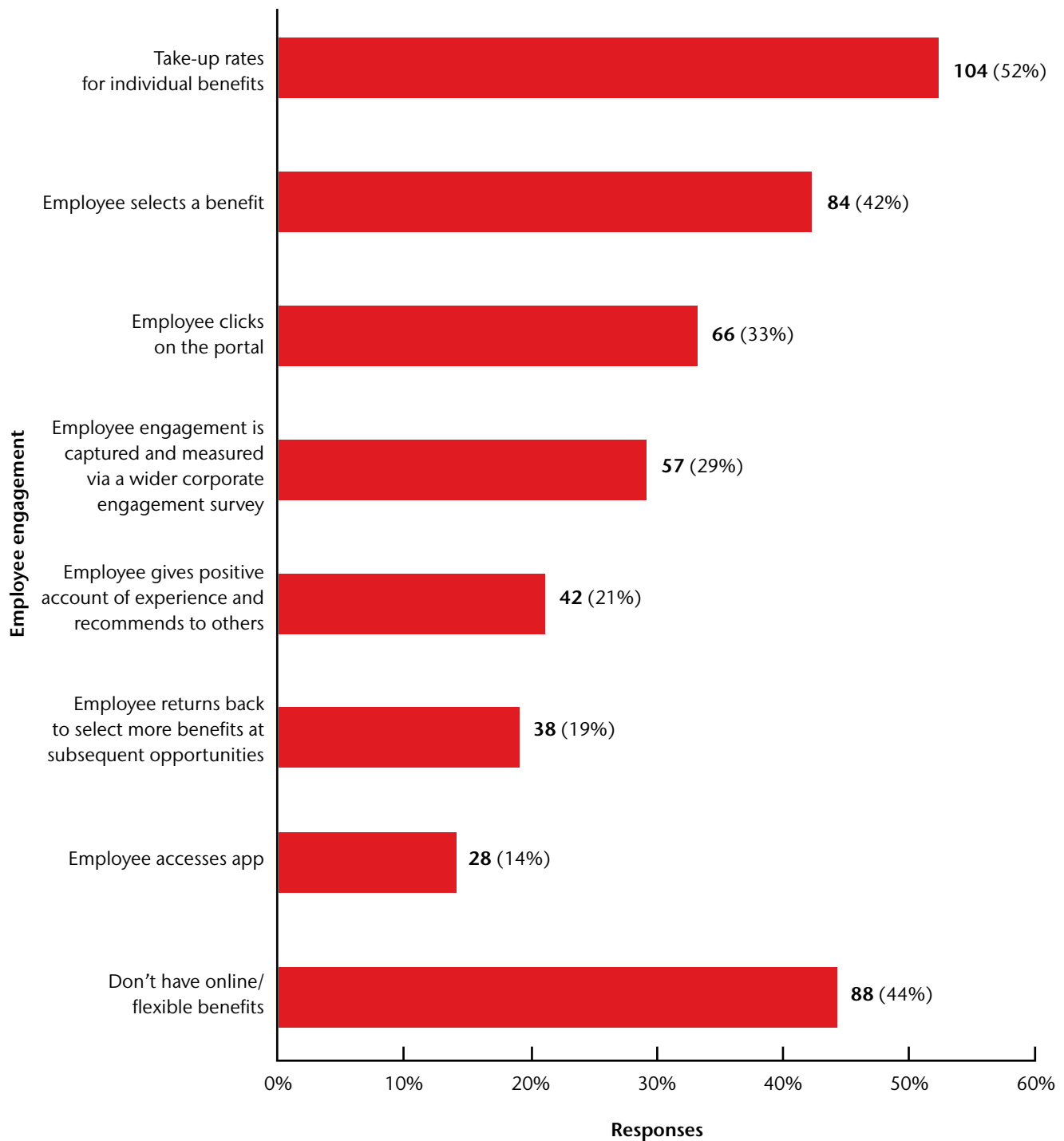


- We have already introduced an online benefits/flex portal
- We have no plans to introduce online/flexible benefits
- We will be introducing in the next three years
- We offer Voluntary Benefits only



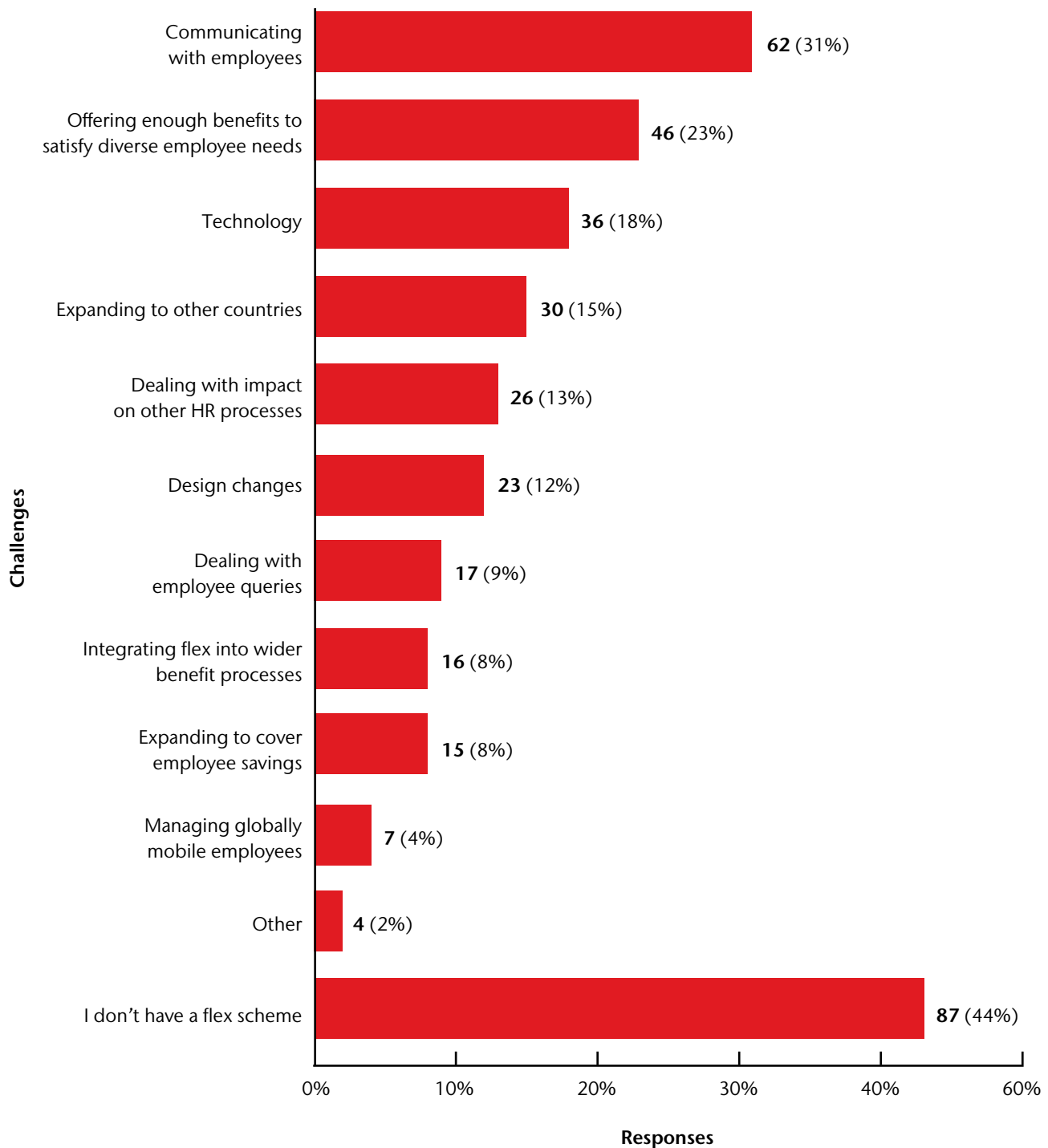
Question 9

Thinking about employee engagement with your online/flexible benefit portal, do you typically measure this via one or more of the following?



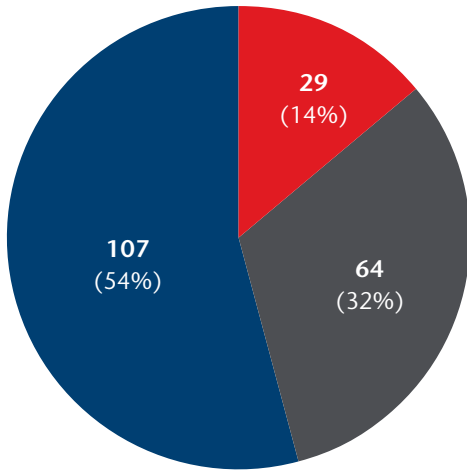
Question 10

What are the three top challenges you face in respect of your flex scheme?



Question 11

Do you have an app to allow employees to access flexible benefits?



■ Yes
■ No, but plan to introduce
■ No, and no plans to introduce

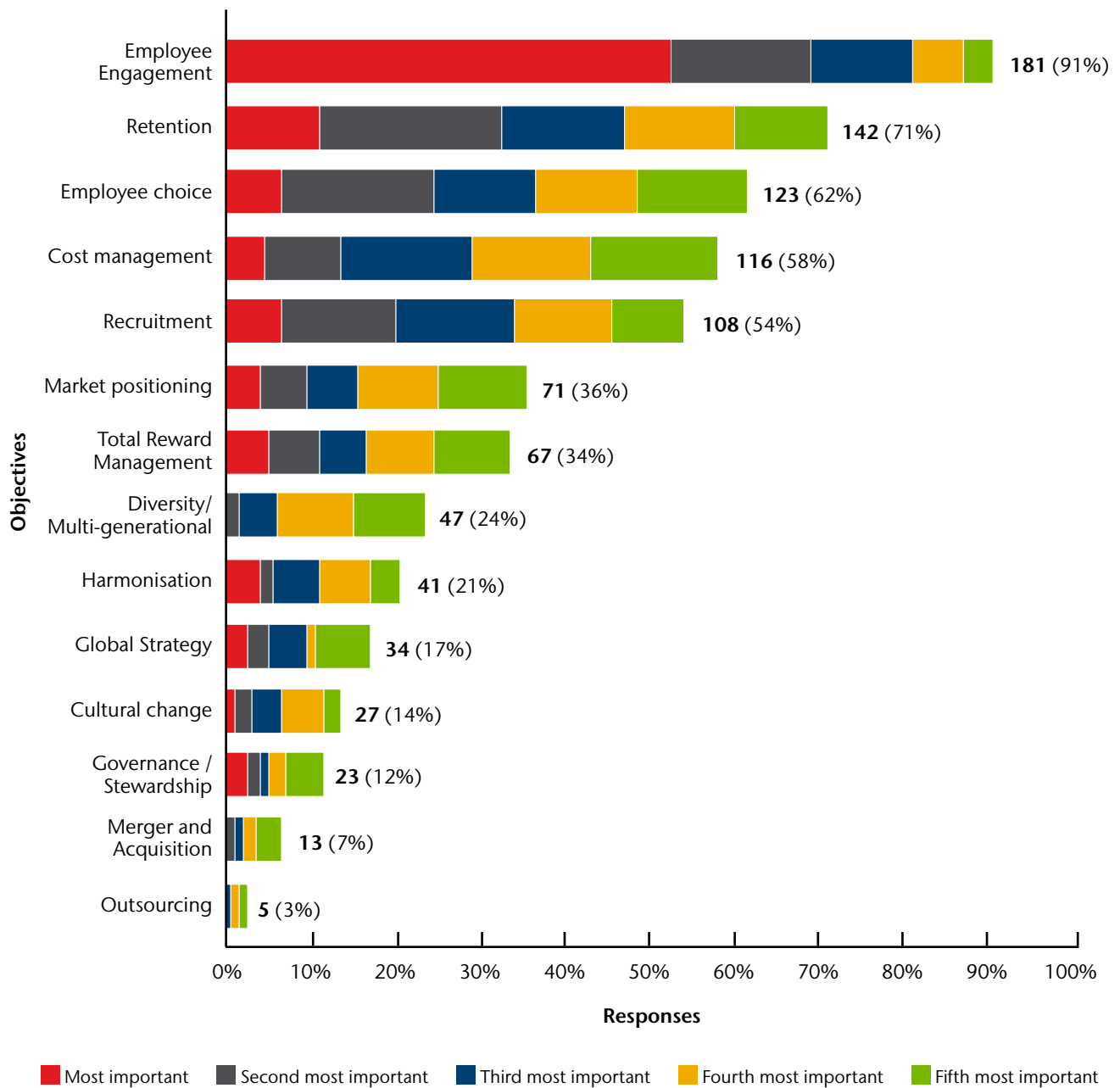
As the use of online benefits continues to gain in popularity, broadly the same objectives and challenges remain: the need to engage employees but struggling with communication. An increased awareness of recognising and embracing diversity, inclusion and multi-generational needs is also challenging organisations with how to offer benefits that address this. Sometimes this can be due to the lack of employee involvement in shaping the benefits package and wider EVP. Thinking about your employees as “customers” is often the most enlightening way to understand what will engage them. In addition, joining the dots with other HR policies (for example around flexible working and various forms of leave), rather than viewing a benefits portal simply as a benefits enrolment tool, helps with making the whole greater than the sum of the parts.

Better use of technology can also help boost engagement, especially mobile apps. Considering how often apps are used in our everyday lives it is a little surprising how long it has taken for them to be embraced in the workplace. Apps offer a much more accessible experience so that employees can, and do, engage with their benefits more quickly and more easily – and certainly to make the most of quieter moments such as on the daily commute or sitting in front of the TV. The use of more personalised push notifications can also help employees to make the most of their benefits.



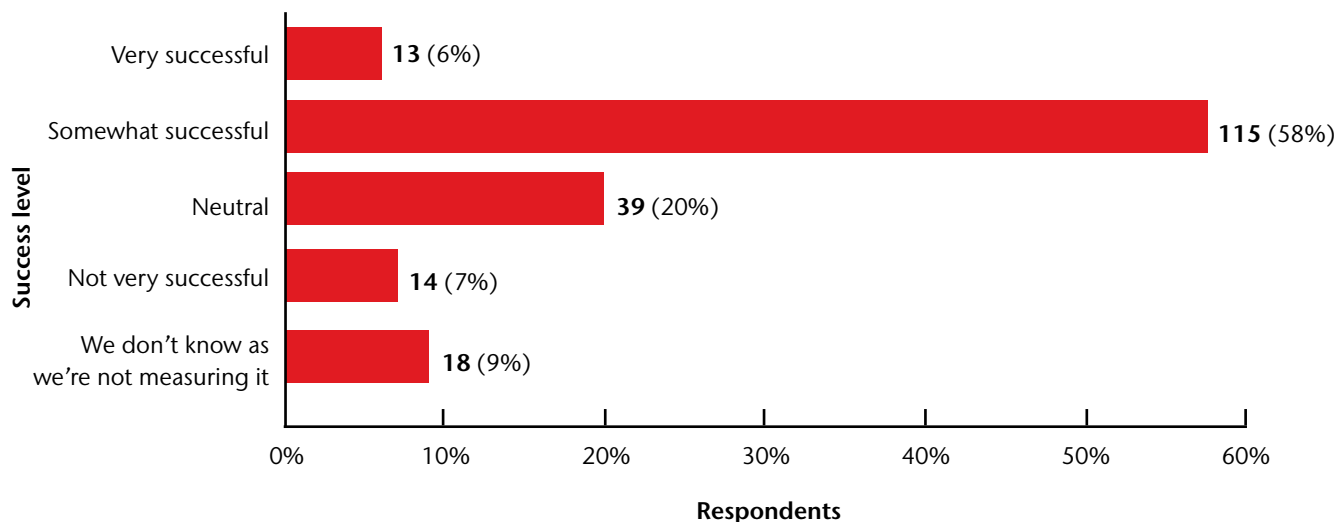
Question 12

In terms of your benefit strategy which of the following objectives are most important to you?



Question 13

Thinking about these objectives, how successful has your benefits strategy been in achieving these?



It still seems as though there is considerable room for improvement in achieving success for businesses, with only 6% saying they are “very successful” in meeting their benefits strategy objectives. On the face of it, this probably boils down

to successful communications – employers need to ensure they fully understand the diverse needs of employees, and make it as easy as possible for them to access what they need - as well as when and how they need it.



Demographic and generational trends

Key findings and insight

This year's results are consistent with last year, with 56% of companies saying that their businesses are changing (or will change in the next five years) and that they are having to compete for talent within different market sectors. Often this means that employee demographics are changing – which is then compounded by macro generational changes and global mobility. Only 38% of employers think that their benefits meet the needs of a multi-generational workforce and over 80% believe that they will need to adapt to meet the needs of future generations.

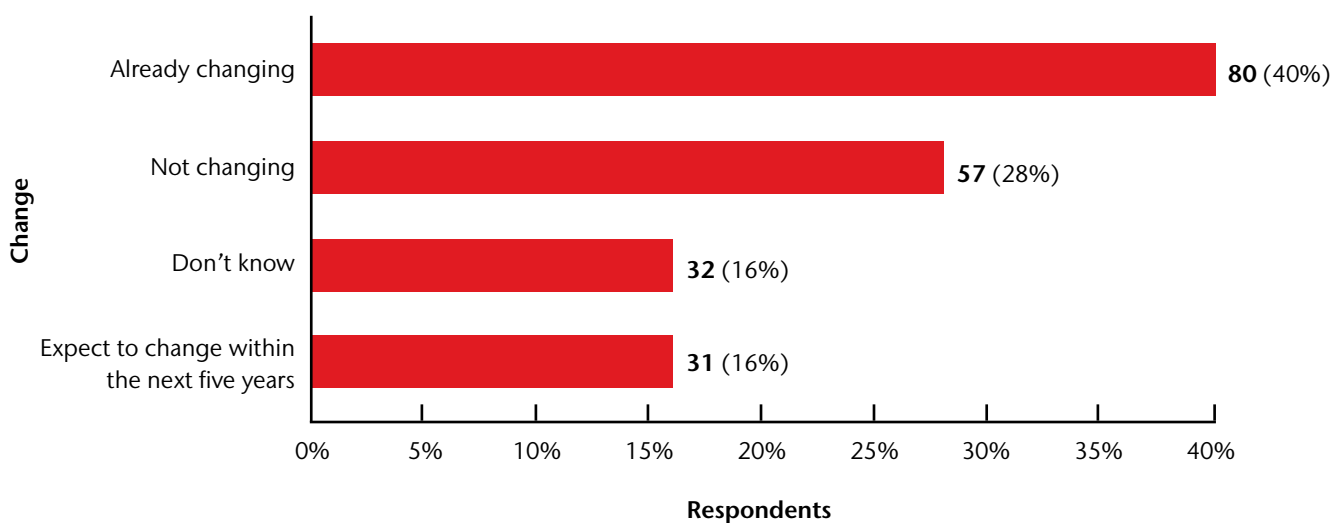
In line with last year's survey, well over 90% of employers also think that employees' expectations of the workforce are changing. Top of the list are more flexible working hours and agile and home working. It's probably no surprise to now see mental health, diversity and inclusion, and all aspects of parental leave and pay also being major factors. This year we also asked about environmental and sustainability policies. Over half of respondents said that employees now expect employers to have a clear and positive stance on this, which no doubt will increase even more in the coming years.

This is the second year that we have included questions about changing demographics and generational trends. Once again there is a strong message that both businesses and employees' expectations are changing. The workplace has now become more of an extension of our everyday lives. As awareness of work-life balance, more effective use of technology, mental health support, and diversity and inclusion rapidly increase, so too do employees' expectations that their employers will do their part.

For employers, the situation is exacerbated by macro demographic trends impacting their future workforce model. An aging population with lower levels of pension savings will mean that people will have to work beyond traditional retirement age. At the same time, birth rates in the first two decades of this century have dipped significantly, meaning that around 20% fewer people are entering the workforce from school and university.* Employers therefore need to carefully consider where the next intake of talent will come from; whether that's looking at alternative age groups (i.e. retaining or recruiting older employees), recruiting more females and/or workers from overseas – whilst ensuring that the EVP is attractive to all those people.

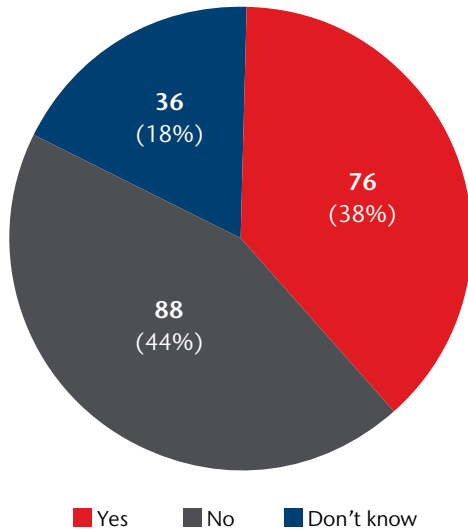
Question 14

Is your business changing to the point where you are now competing for talent within different market sectors?



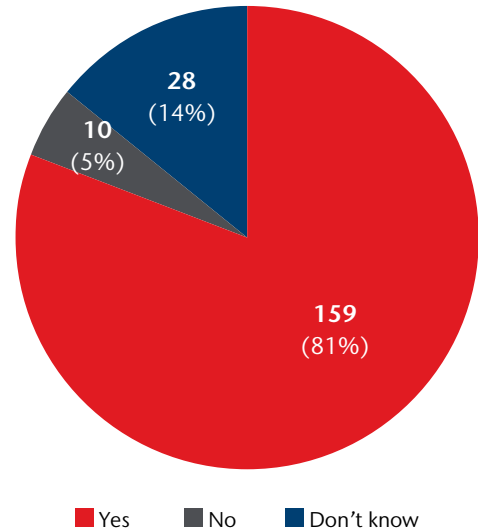
Question 15

Do you believe your benefits are meeting the needs of all generations within your workforce?



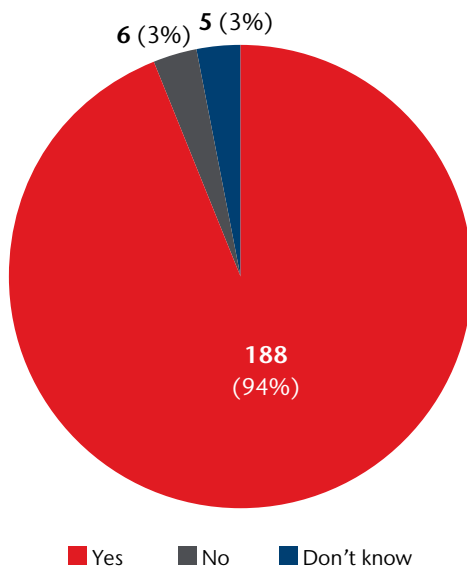
Question 16

Do you believe you will need to change your benefits offering to meet the needs of future generations entering the workforce?

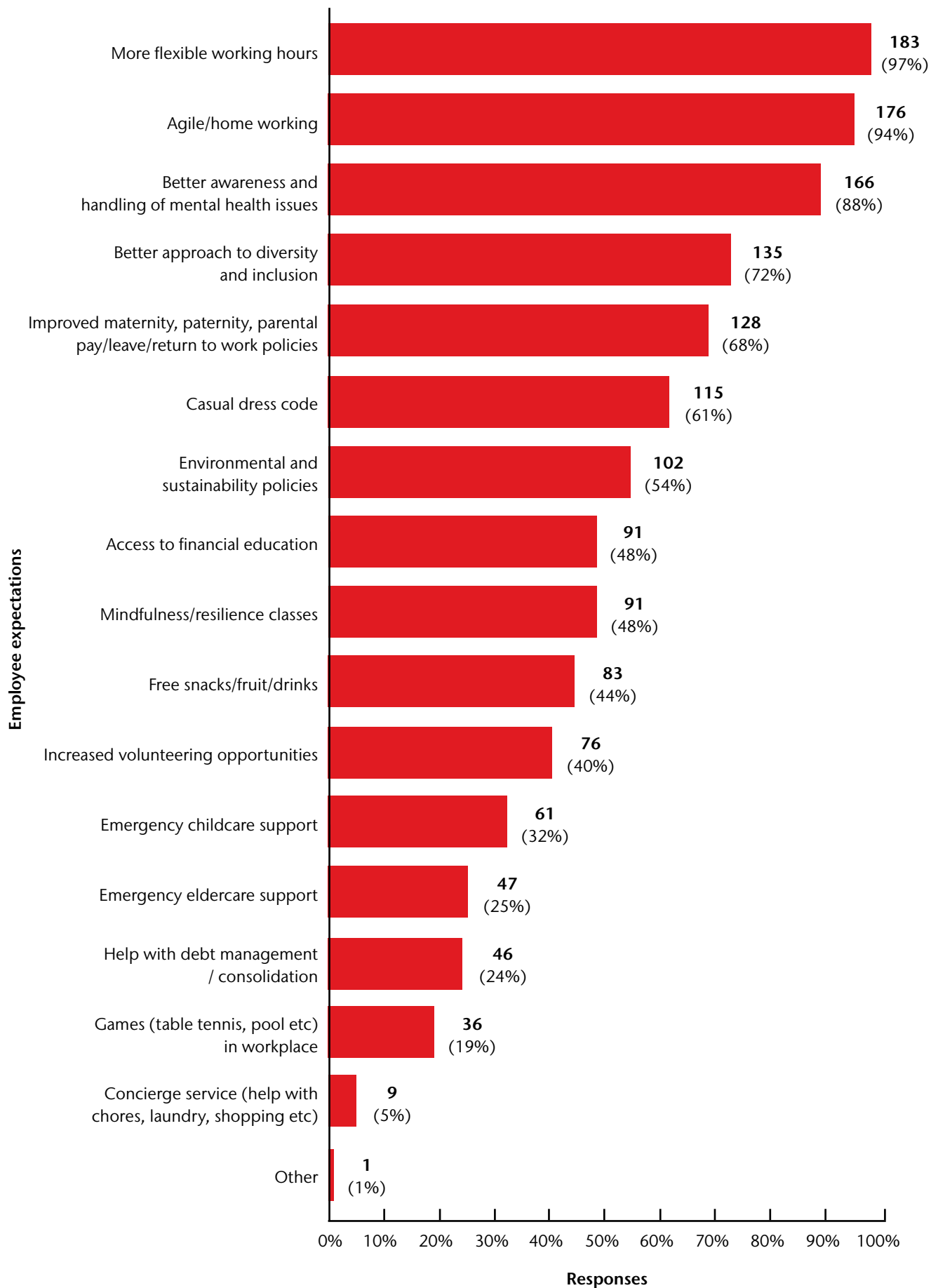


Question 17

Do you think employees' expectations of their work experience are changing?



Question 18 If yes, what do employees now expect?



Holiday, parental leave and flexible working policies

Key findings and insight

One of the most obvious policies used to address work-life balance is annual leave. By far the most common annual leave allowance is 25 days, excluding public holidays. Additional service-related days are now provided by half of employers, typically going up to an additional 5 days. Far fewer (32%) offer extra holidays for more senior employees. However, two-thirds give their employees the option to “buy” additional holidays, with the clear majority setting a cap of 5 extra days.

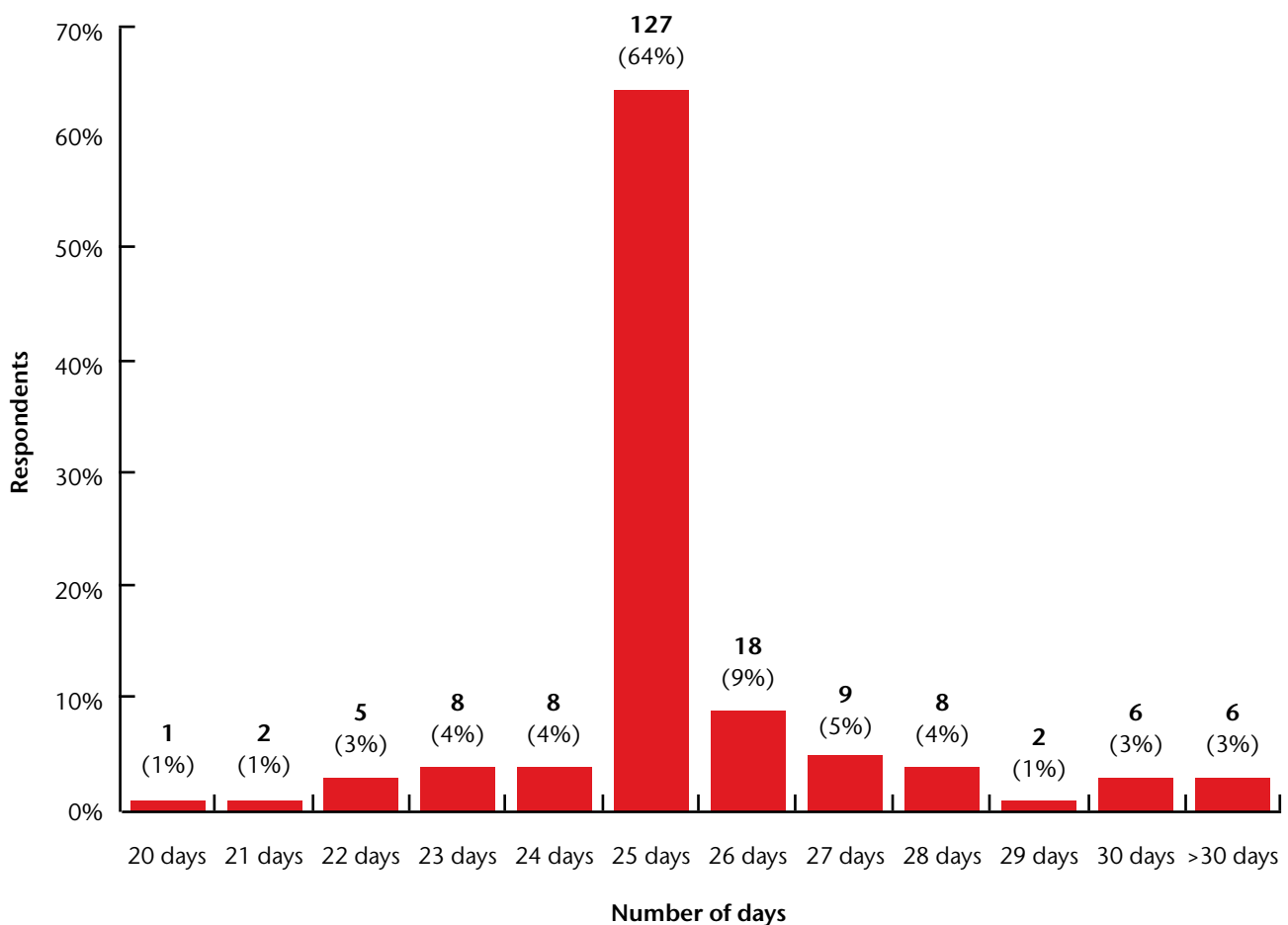
Selling holiday is less common (44%), with the most common cap being five days.

The use of sabbaticals is unchanged since last year, with 70% offering this option in some form. Almost all provide this on an unpaid basis.

In line with employees’ new expectations, agile working is also gaining in popularity, with 46% now having a policy in place compared to 36% last year.

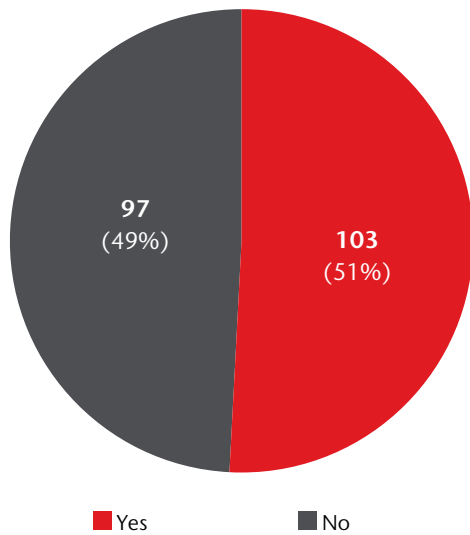
Question 19

How many days of annual leave (not including bank holidays or any service related days) do you provide for the majority of employees?



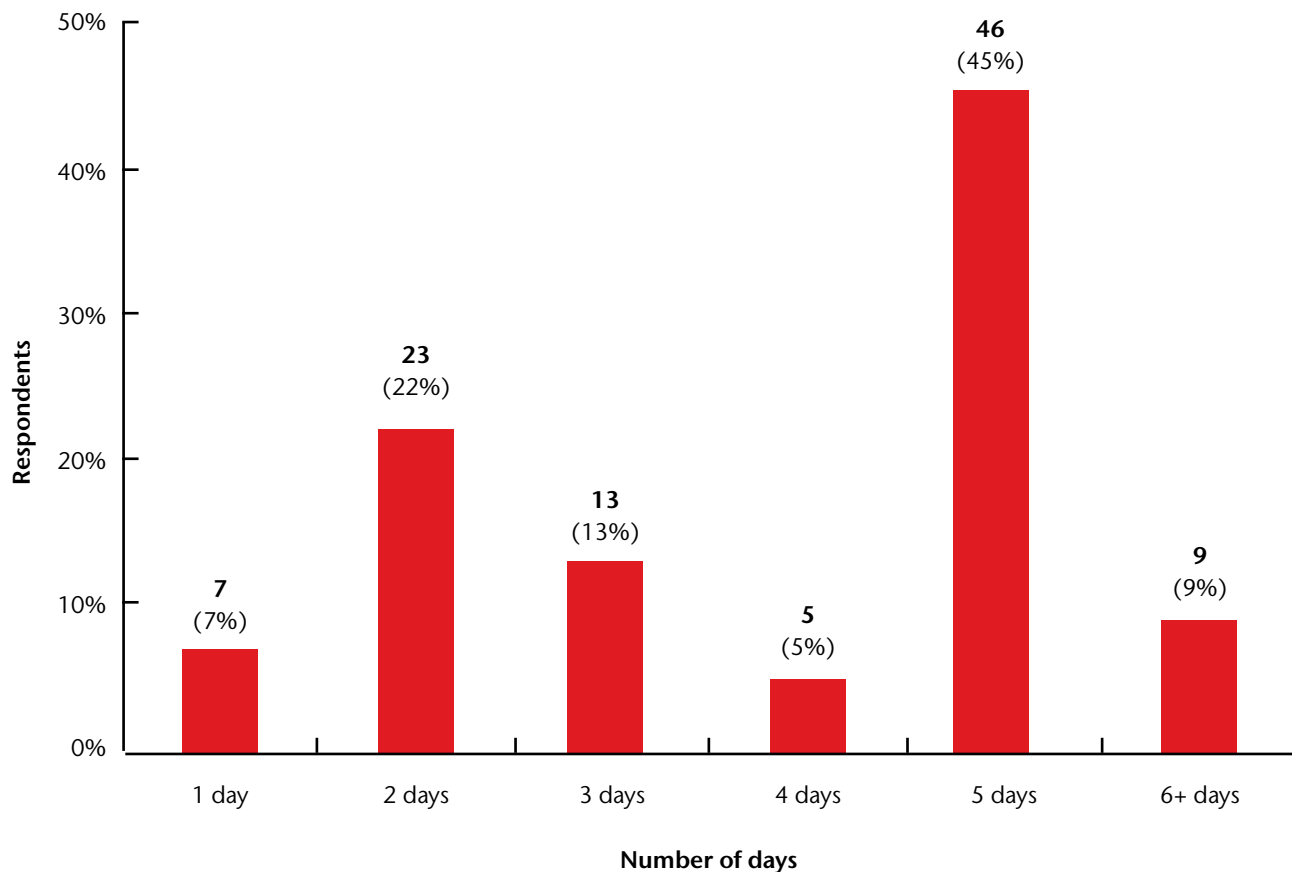
Question 20

Does the firm offer increasing holiday entitlements related to service?



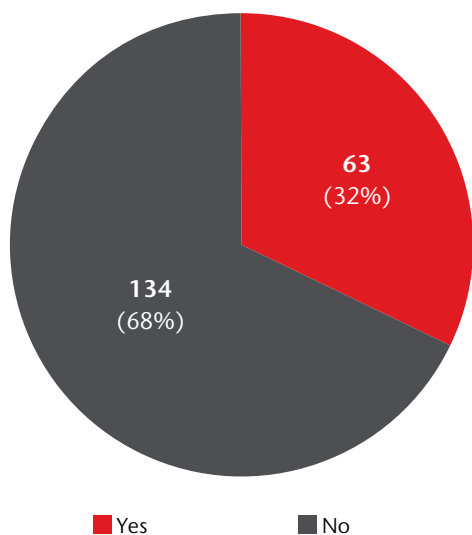
Question 21

If yes, what is the maximum number of additional service-related days you provide?



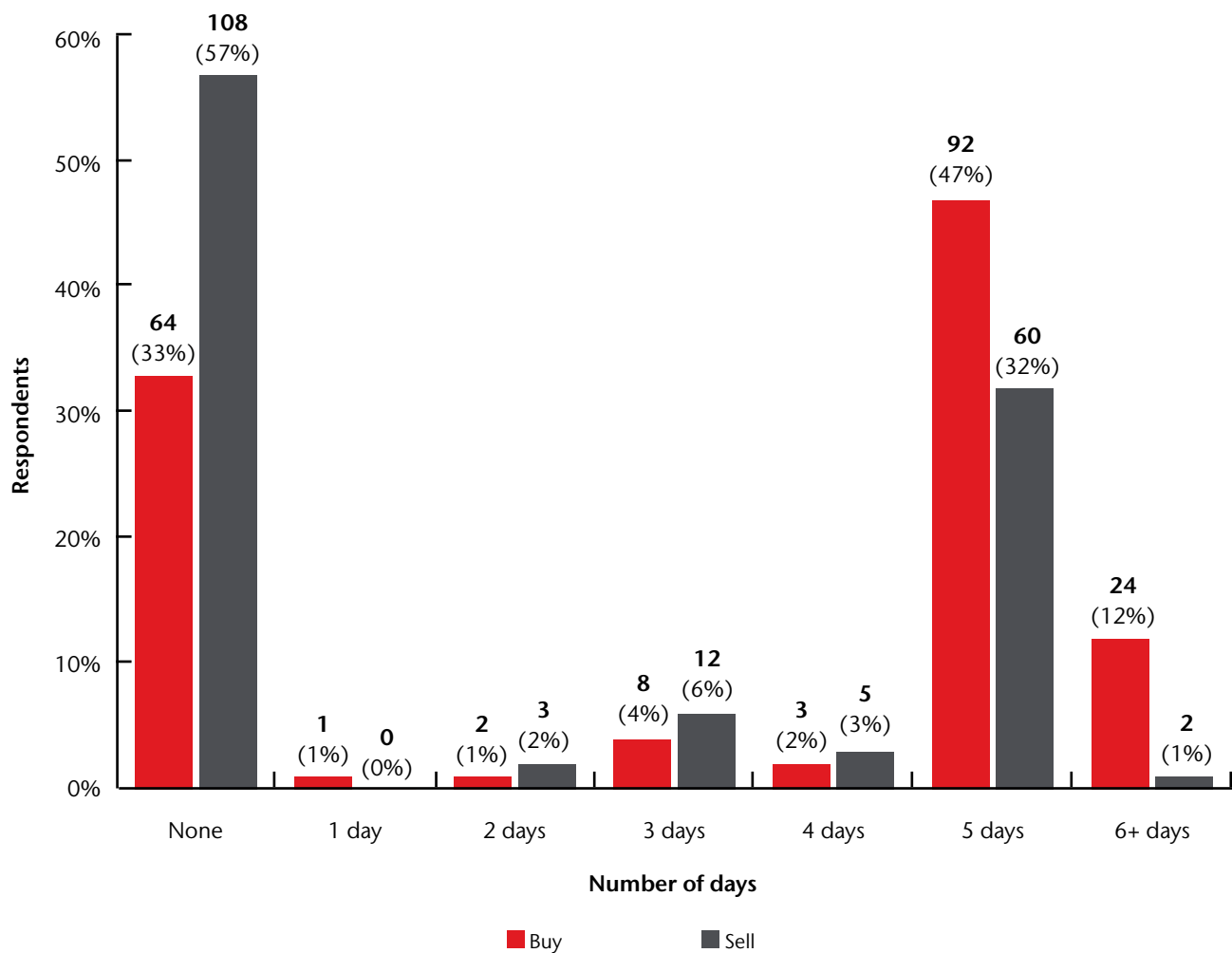
Question 22

Do you provide higher levels of annual leave days based on seniority?



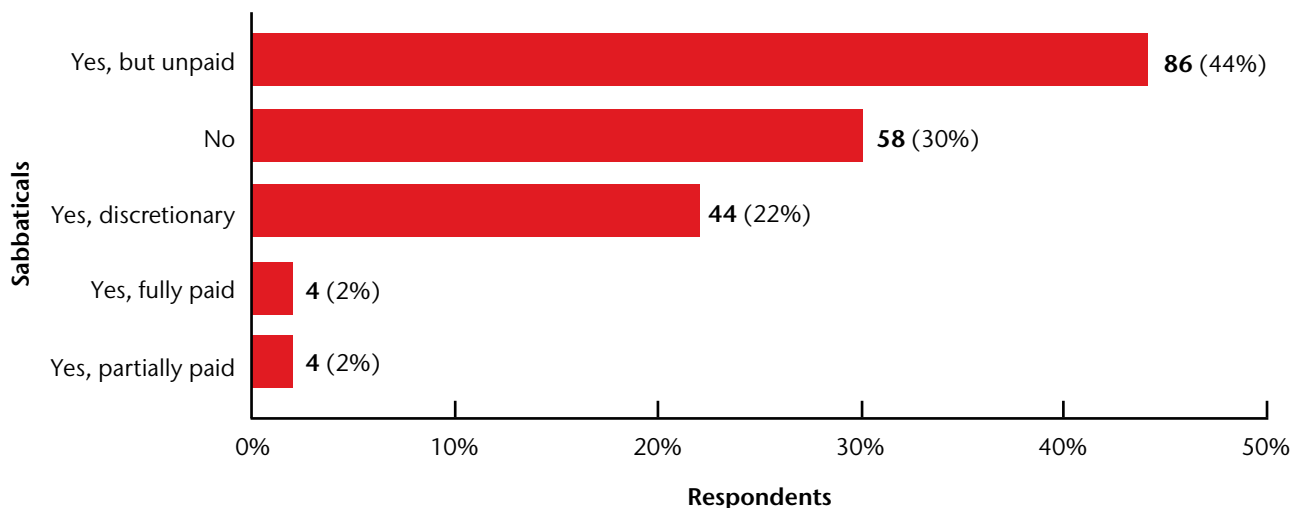
Question 23

How many days of holiday does the firm typically allow employees to buy/sell?



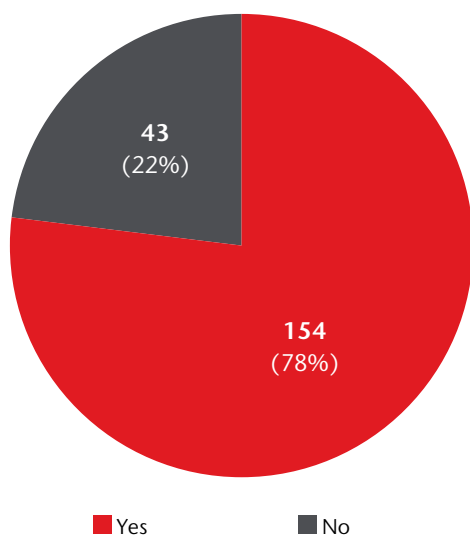
Question 24

Does the firm permit sabbaticals?



Question 25

Do you offer enhanced maternity pay i.e. above statutory maternity pay (SMP)?



Not surprisingly, this year's survey shows an increase in the number of organisations enhancing their maternity pay policies, with 78% now paying above statutory maternity pay (SMP) compared to 68% last year. Both the percentage of salary typically paid above SMP and the period for payments are increasing. Only 11% of companies provide return to work payments, however we expect this could change in the coming years.

The trend towards providing more paid leave for fathers is also gathering momentum, with half now already matching maternity pay levels or considering doing so.

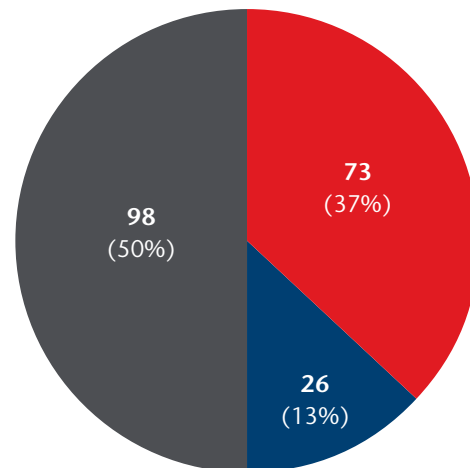
Almost two-thirds of companies have received requests for shared parental leave, with half either allowing the father/partner to also receive leave and pay on the same basis as maternity or are considering introducing this shortly.

Updating both maternity and paternity leave policies appears to be gathering momentum and our own experience is that this is one of the most common questions we are asked by clients as they consider both work-life balance policies and overall benchmarking. The market seems to be heading towards six months of full pay for maternity leave. There is also a groundswell of organisations enhancing their paternity leave and pay to align with maternity leave and we would expect this trend to continue.

Question 26

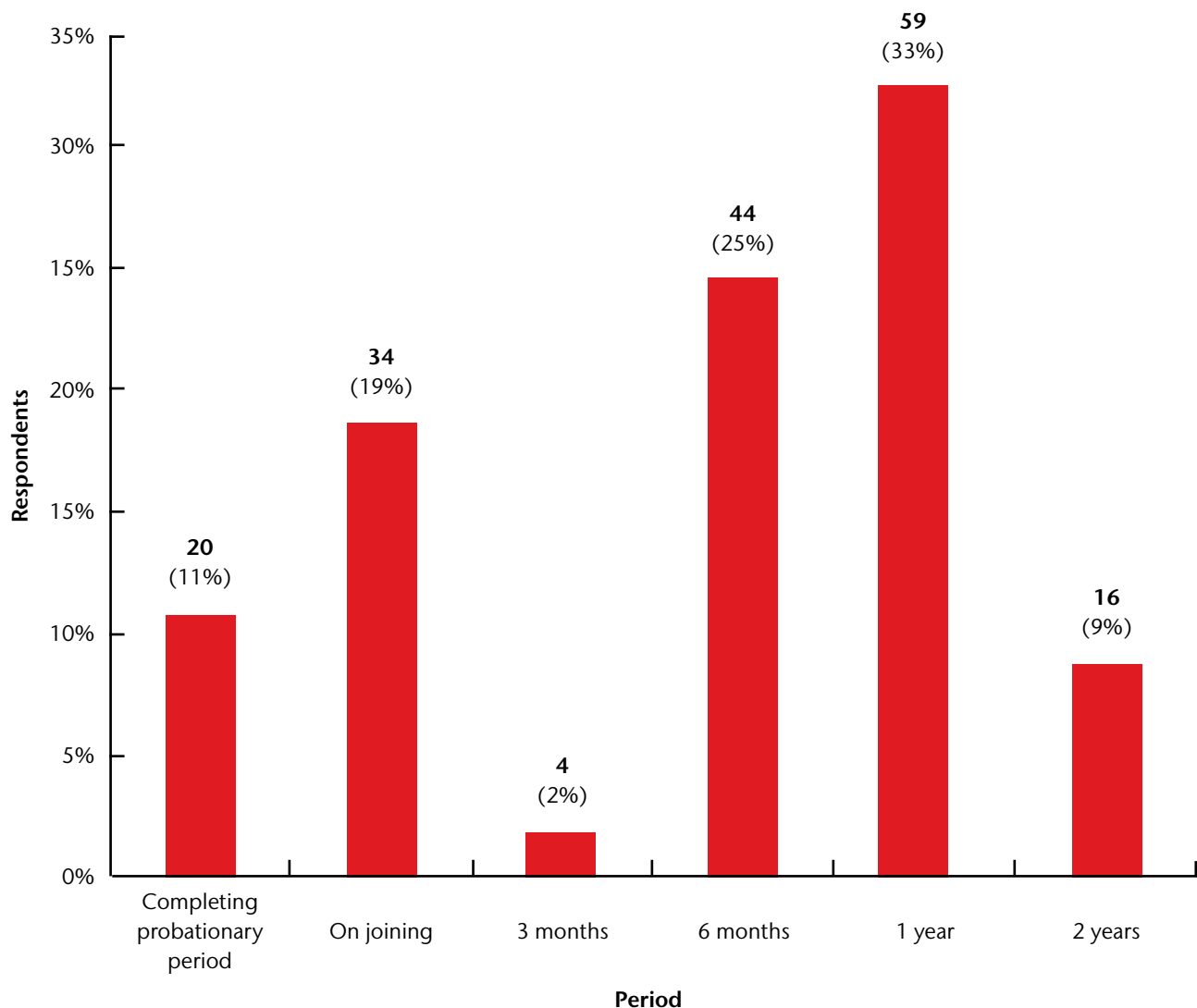
Do you allow a father/partner to also receive leave and pay on the same basis as maternity pay?

■ Yes ■ No
■ No but we are considering it/will be introducing it shortly



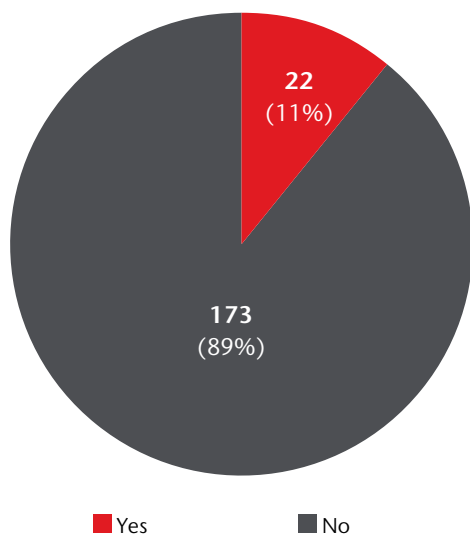
Question 27

What is the minimum period of service to qualify for enhanced maternity pay?



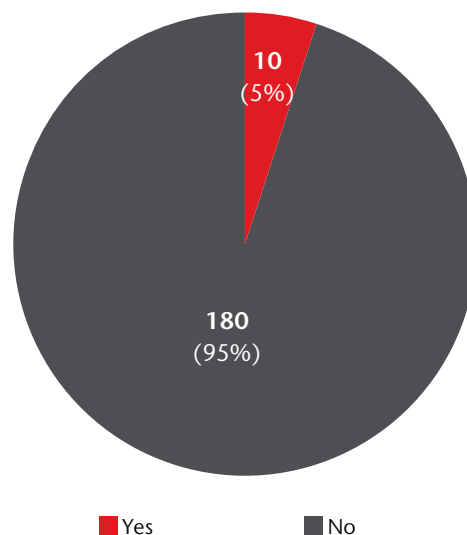
Question 28

Does the firm make return to work payments?



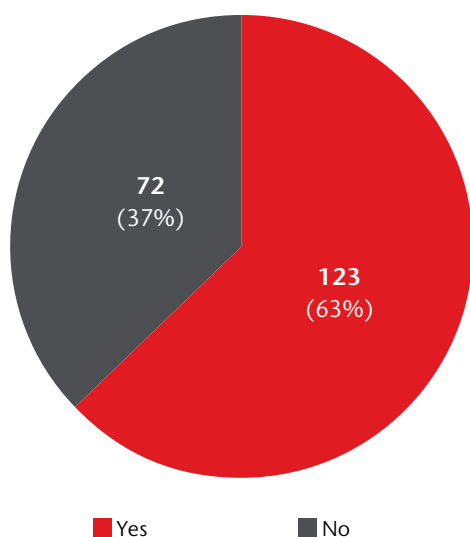
Question 29

Is there a requalification period for entitlement to enhanced maternity pay for any subsequent pregnancy?



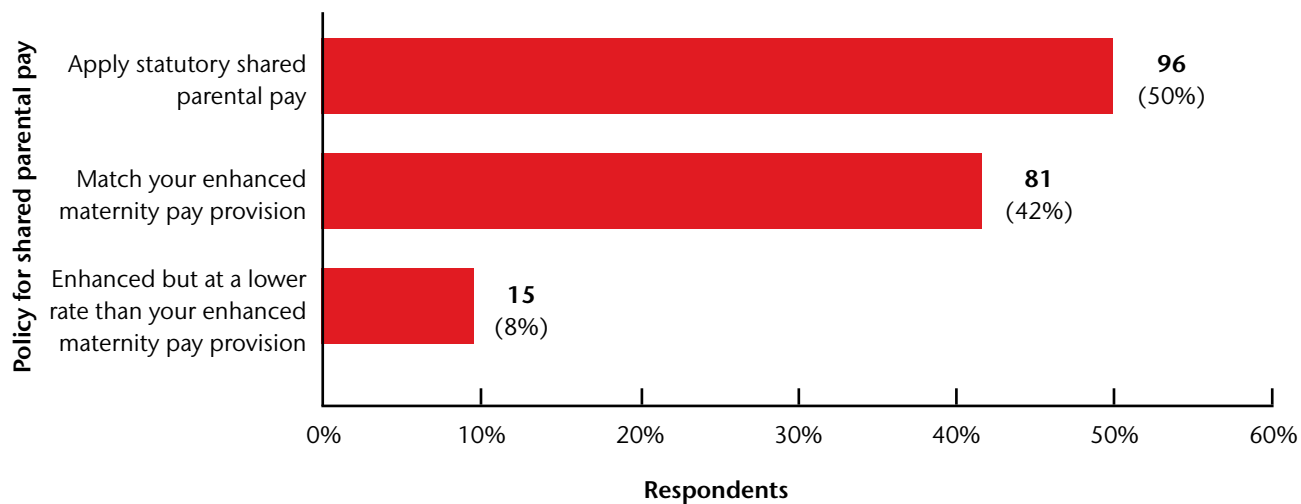
Question 30

Have you had requests for shared parental leave?



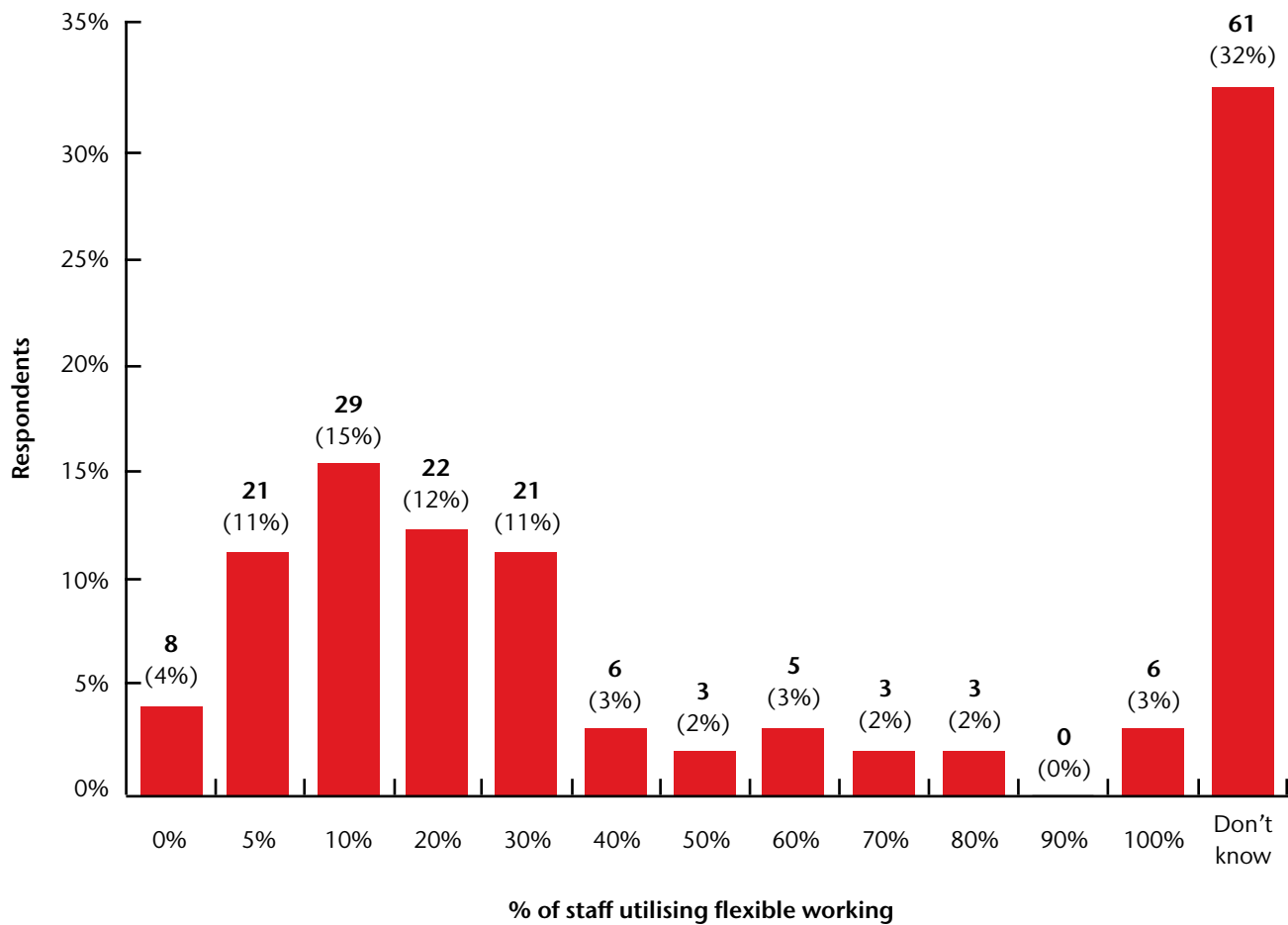
Question 31

What is your policy for shared parental pay?



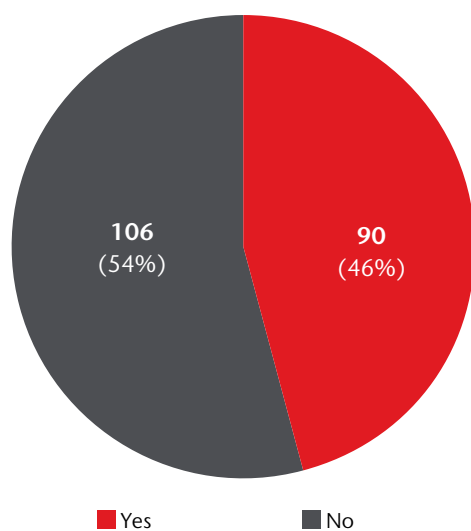
Question 32

What percentage of staff utilise flexible working arrangements?



Question 33

Do you have an agile working policy?



Benefit design

Key findings and insight

Looking at the benefits available to employees, across most lines there has been little change since our 2019 survey with the traditional risk and healthcare benefits remaining the most common company funded benefits. Gym, dental and critical illness remain the most popular voluntary benefits. It is interesting to note the significant rise of digital GP services with the number of employers providing this benefit in some fashion more than doubling since 2019. This trend is reflective both of increased access of these services on a standalone basis through other relationships but also of the wider acceptance of digital and connected health solutions. We expect this trend to accelerate further in the year ahead.

When analysing benefit design changes over the past five years, again responses here are very much in line with previous years - with the main headline being a further acceleration in the utilisation of excepted life assurance arrangements. Nearly half

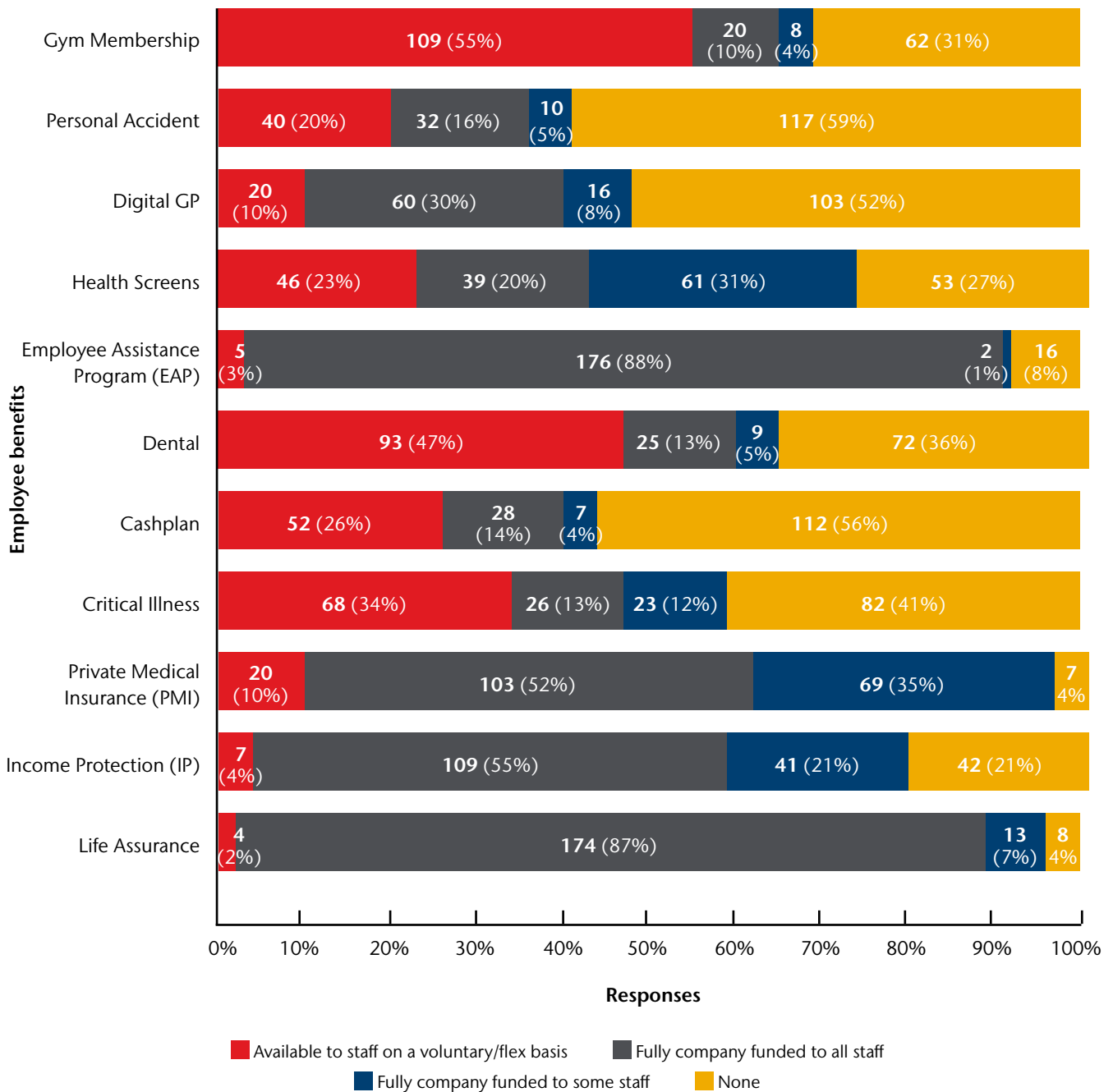
of our clients now use an excepted group life policy (EGLP) to support their death in service and associated pension strategy and further detail and analysis of this dominant market trend is contained in our Aon 2019 Life Assurance Cover Survey. At the other end of the chart the number of employers taking action on the removal of a death in service pension continues to drop, illustrating that the majority of employers able to take action have likely now done so.

In looking at benefit design changes firms are considering in the next 12-18 months, the notable characteristic here is the number of employers focussing on areas other than the traditional benefit redesign activity. Cost containment measures such as limiting income protection payment periods, higher limits on medical plans and utilisation of healthcare trusts remain an option under consideration for a number of employers who have yet to take this step. However, far more firms are considering a wider range of “other” initiatives, which although varied can be characterised by themes of wellbeing, flexibility and improving engagement.



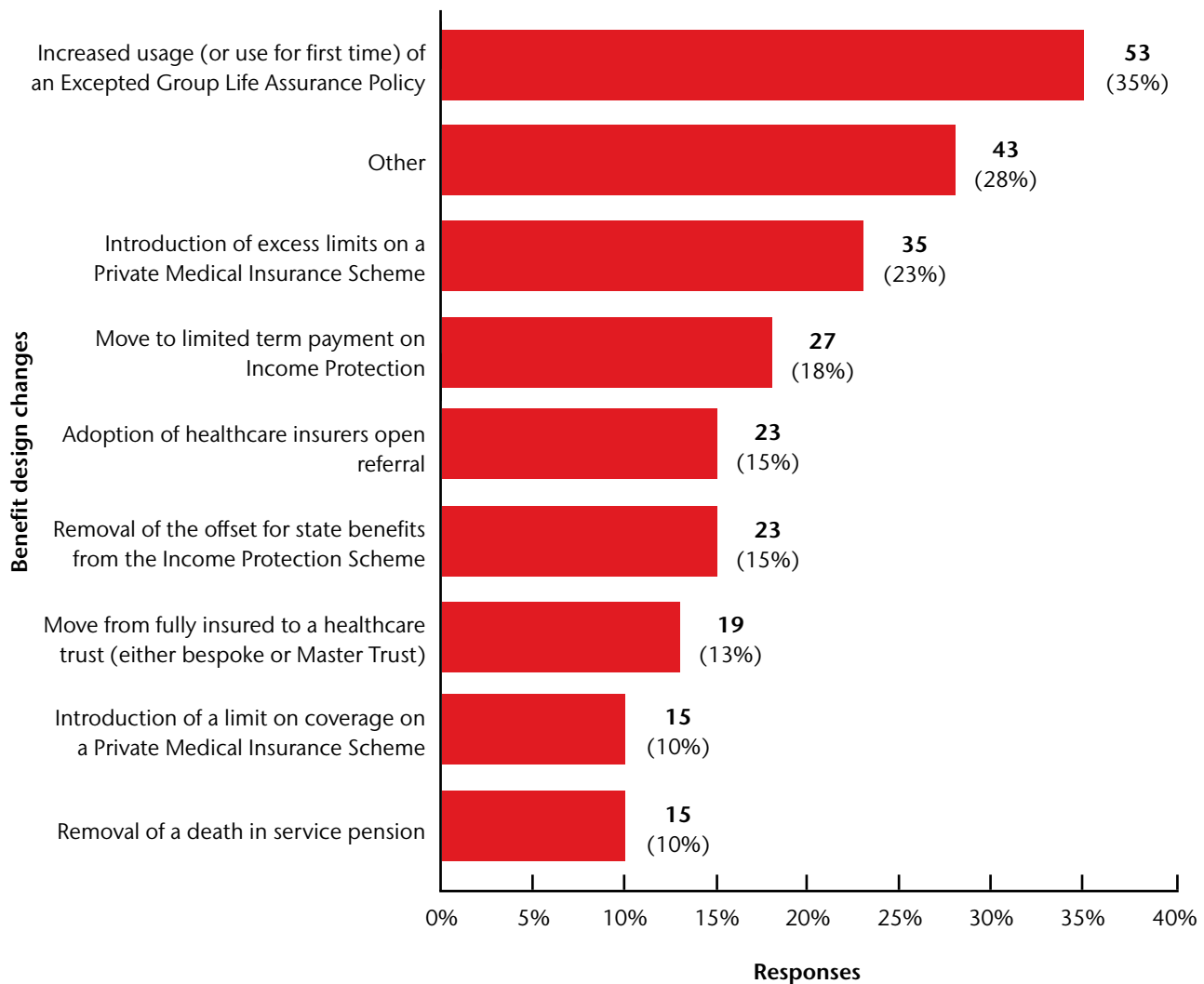
Question 34

Which of the following employee benefits are available to all/some of your workforce?



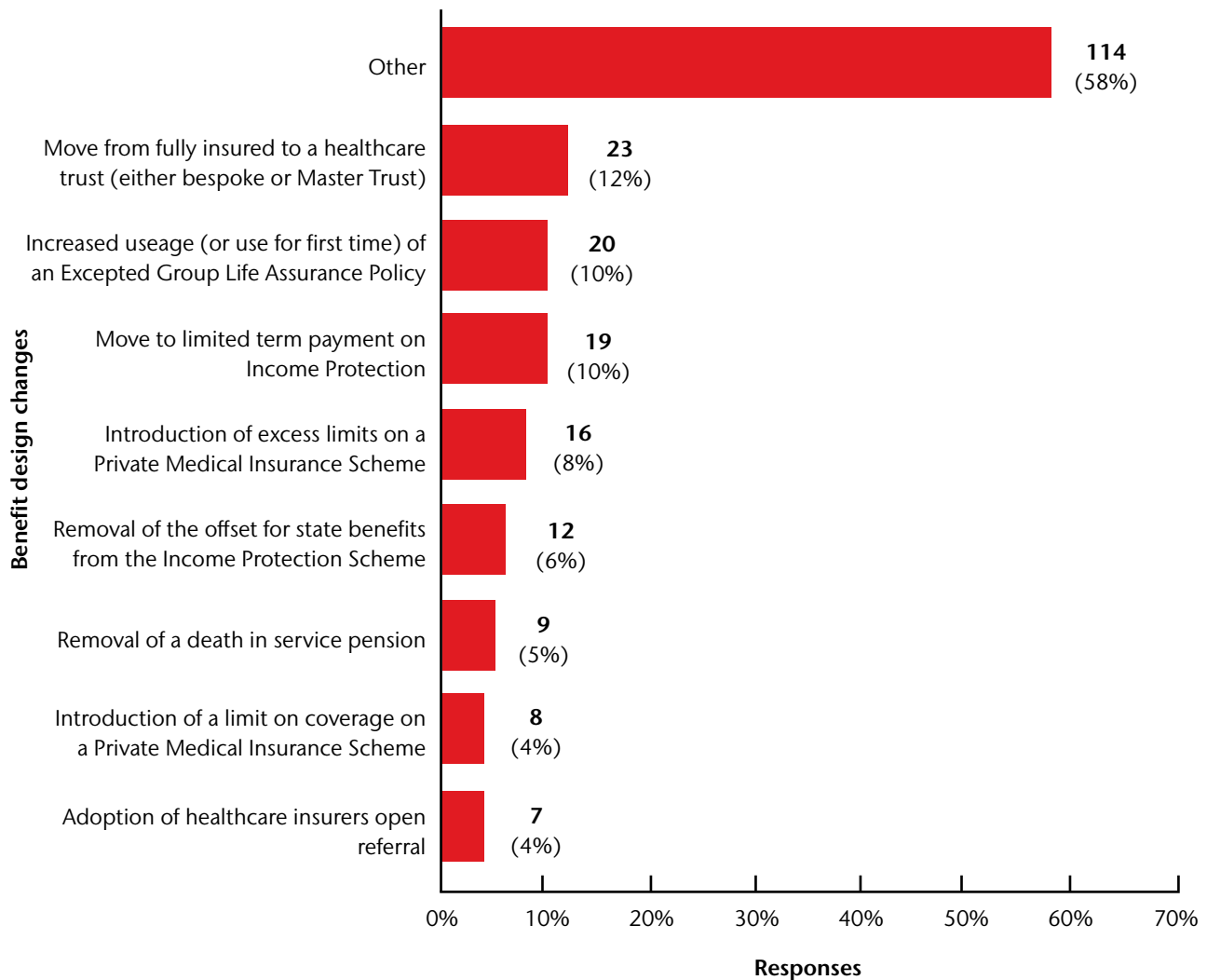
Question 35

What benefit design changes have you actioned over the past five years on your risk and healthcare benefits?



Question 36

What benefit design changes are you considering in the next 12-18 months?



Health and wellbeing

Health and wellness programmes

Key findings and insight

This year sees a slight increase in firms who either have a health and wellness budget (up from 33% to 38%) or those who intend to in the next 12-18 months (up 19% to 21%). With such high numbers still struggling to find budget for what many acknowledge is a key business objective, employers will be calling out for support to maximise value from existing spend, looking for creative ways to obtain funding or in building strong evidence-based business cases for investment.

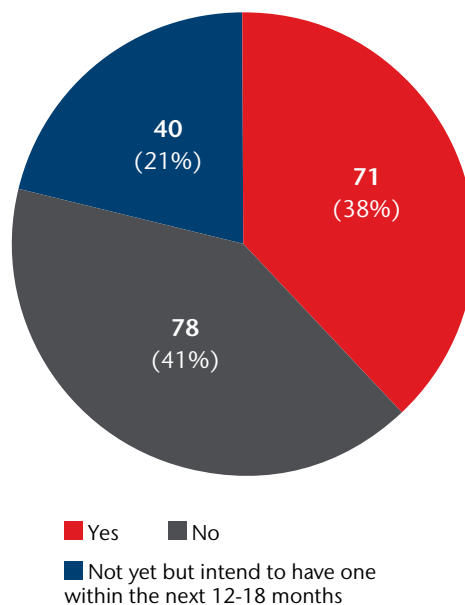
In terms of offerings within health and wellbeing programmes, workstation environment set up and workplace adjustments occupy the top two positions, emphasising both the acknowledged risks of getting this wrong and the importance of good quality support to deliver these key services.

The prominence of services relating to mental health in the next two positions reinforces the importance employers have come to acknowledge in addressing this issue.

The reason behind employers being less likely to offer other types of initiatives and benefits may vary. However, given the acknowledged current and future impact of health risks such as diabetes, heart disease and cancer it is important that employers do not focus on the previously less developed pillars of emotional and financial wellbeing at the expense of employees' physical wellbeing.

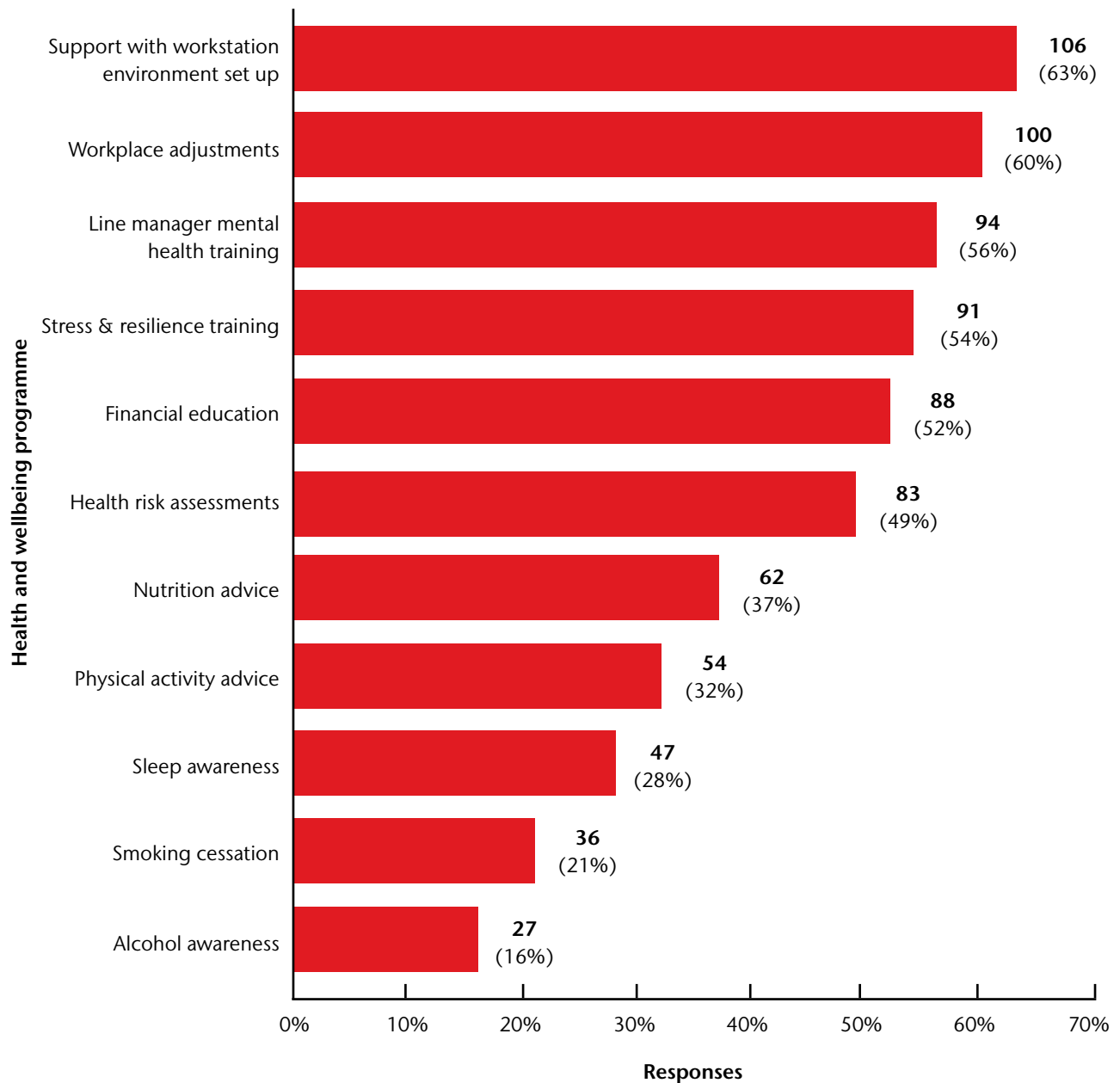
Question 37

Do you have a specific budget for your health and wellness programme?



Question 38

Do you offer any of the following as part of your health and wellbeing programme?



Wellbeing pillars

Key findings and insight

In 2017, Aon asked organisations via our UK Health Survey which pillars of wellbeing they had a defined strategy in place for. The results highlighted that emotional and financial wellbeing programmes were the least developed pillars of wellbeing. This year we introduced the same question to this survey. The results outline a growth in established strategies for these two pillars - from 21% in 2017 to 51% in 2020 for financial wellbeing strategies and 41% in 2017 to 68% in 2020 for emotional wellbeing strategies.

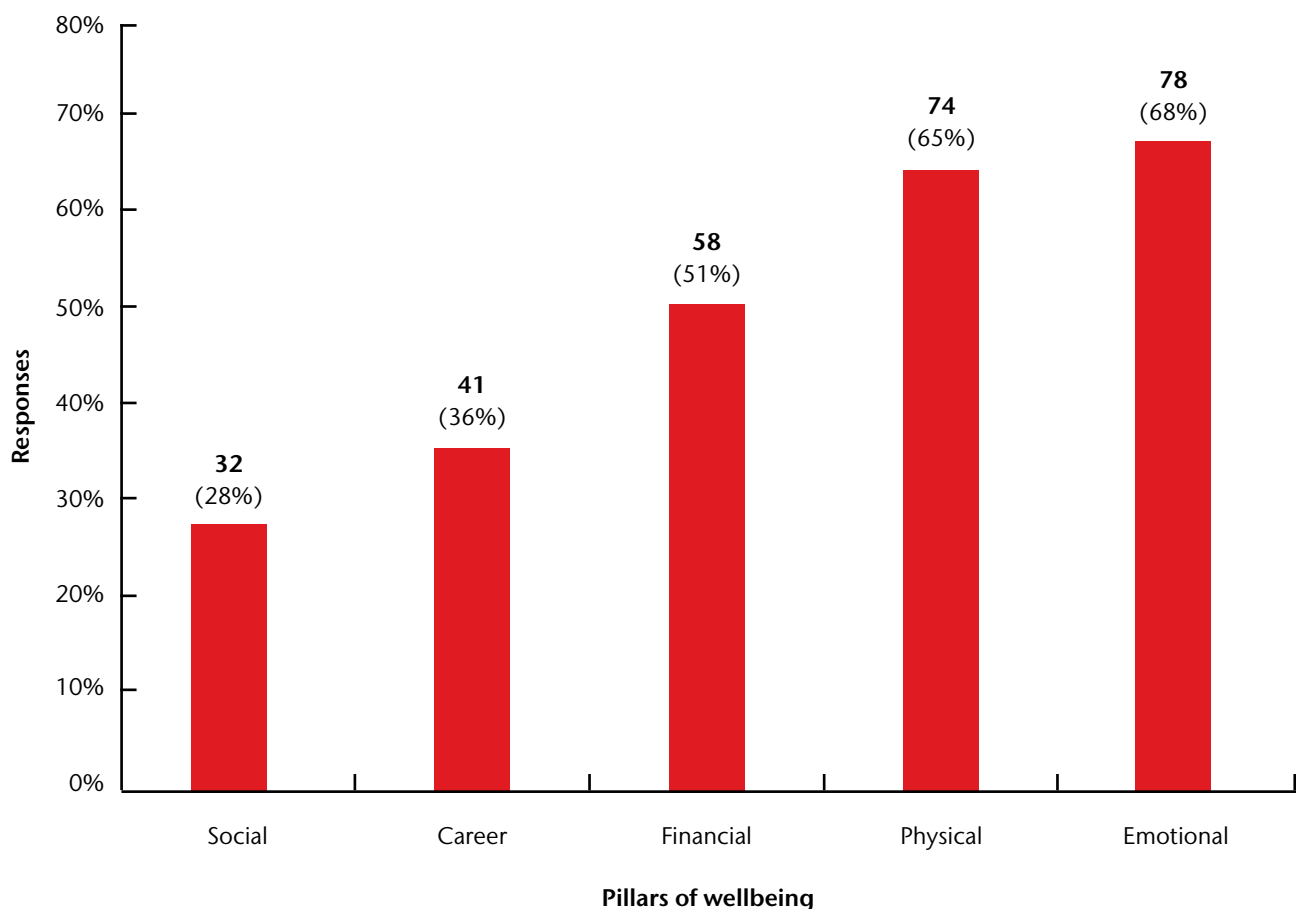
This is a testament to the range of health, social and economic factors promoting the importance and value of businesses supporting their employees with strategies around these wellbeing pillars.

Physical programmes have also increased in numbers albeit with growth at a lower rate.

Interestingly, there has been a decrease in employers claiming to have a defined social wellbeing strategy in place. This is perhaps a sign of how varied the definition of some wellbeing strategies can be, or how effectively they are communicated, rather than a decline in interest in this important strand of any wellbeing programme.

Question 39

Which of these pillars of wellbeing do you currently have a defined strategy in place for?



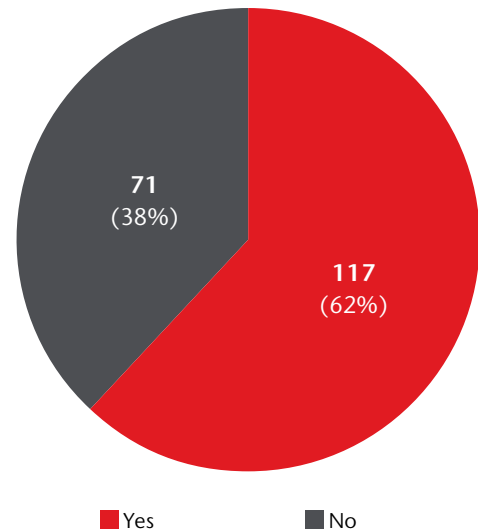
Financial wellbeing

Key findings and insight

Consistent with 2019, 62% of respondents believe employee financial wellbeing is their responsibility. Therefore, it comes as no surprise that 48% of companies are planning to act and implement initiatives relating to employee financial wellbeing in the next 12 months predominately focussing on services such as seminars (78%) and communications (77%). Products were less likely to be implemented to support financial wellbeing with 38% of organisations planning to do so.

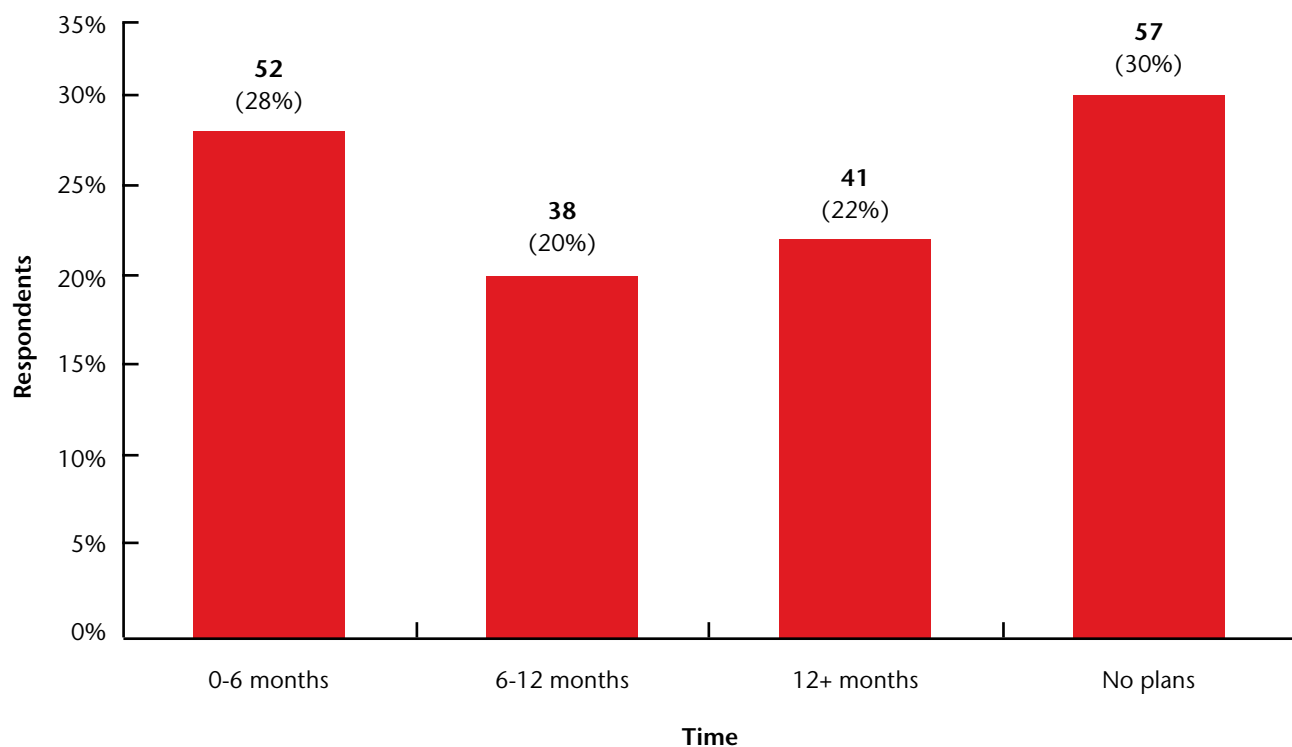
Question 40

Do you consider employee financial wellbeing to be your responsibility as the employer?



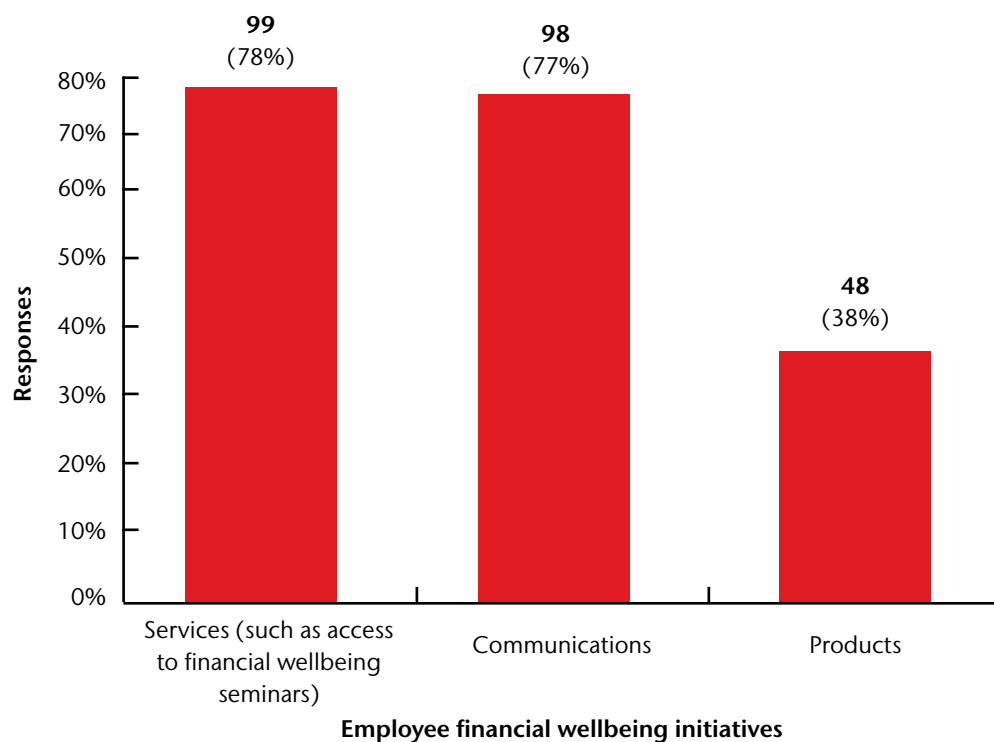
Question 41

Do you plan to implement initiatives relating to employee financial wellbeing in the next:



Question 42

If yes, what do you plan to implement?



Data-driven strategies and employer responsibilities

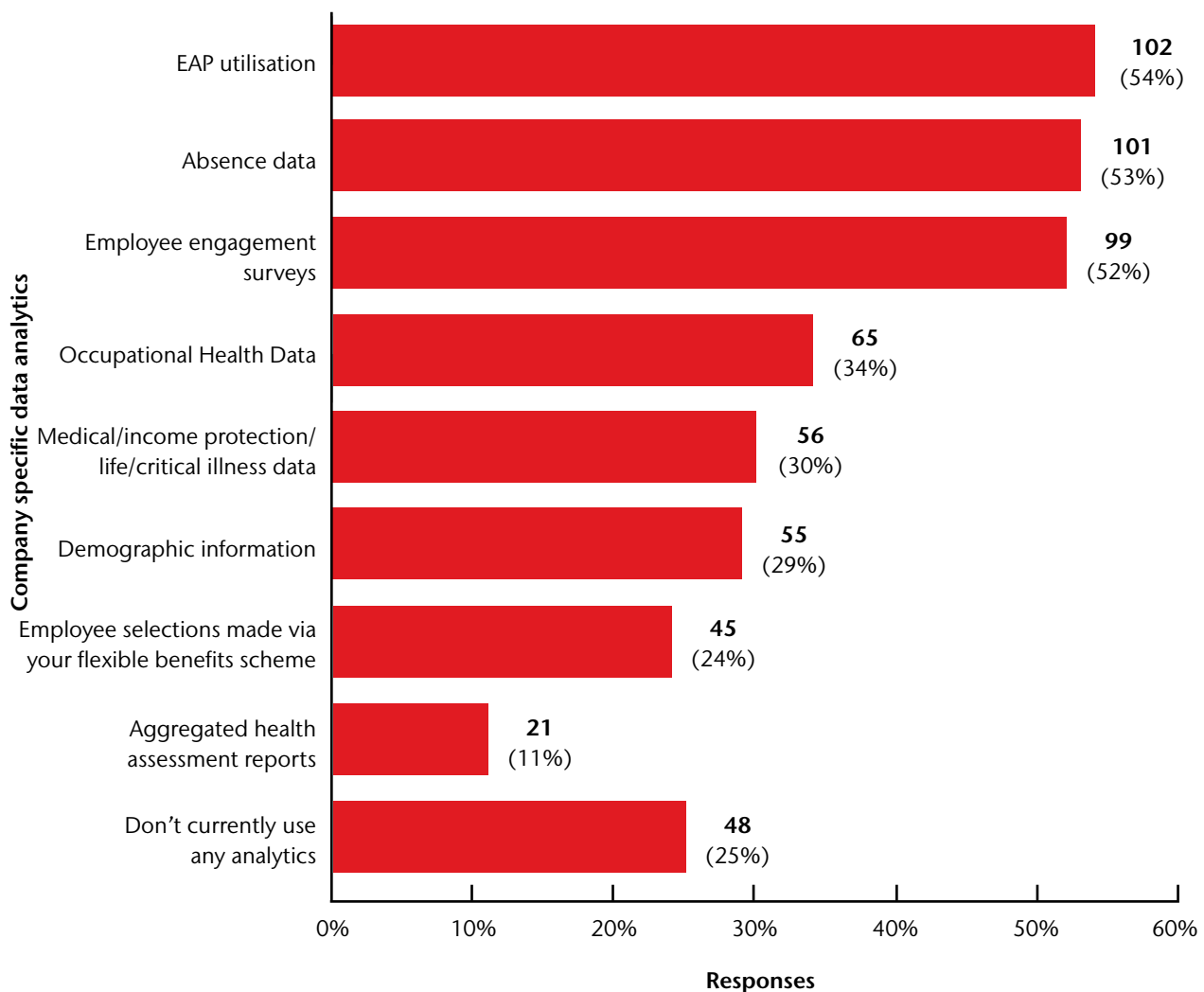
Key findings and insight

When looking at company-specific data analytics used to drive corporate health and wellbeing strategies, given the prevalence of employee assistance programmes and data / management information that should be accessible as standard from most quality services, their position at the top is unsurprising. The same goes for absence data which for some time has been the cornerstone of health and wellbeing analytics.

It is disappointing however to see that the most common data sets utilised are largely those that focus on employees already in a state of poor health and needing access to treatment or support. Data sources focussing on behaviours, such as health screening data or flex choices remain very much underutilised.

Question 43

Which of the following company specific data analytics are being used to inform and drive your Corporate Health & Wellbeing strategy?



The most effective data driven strategies will be characterised by a wide range of meaningful metrics giving the employer the best chance of recognising improvements and value. Data sets reflecting the full end-to-end health and wellbeing cycle from prevention and education through to long-term support will allow for further segmentation to help refine a company's benefits and engagement strategy.

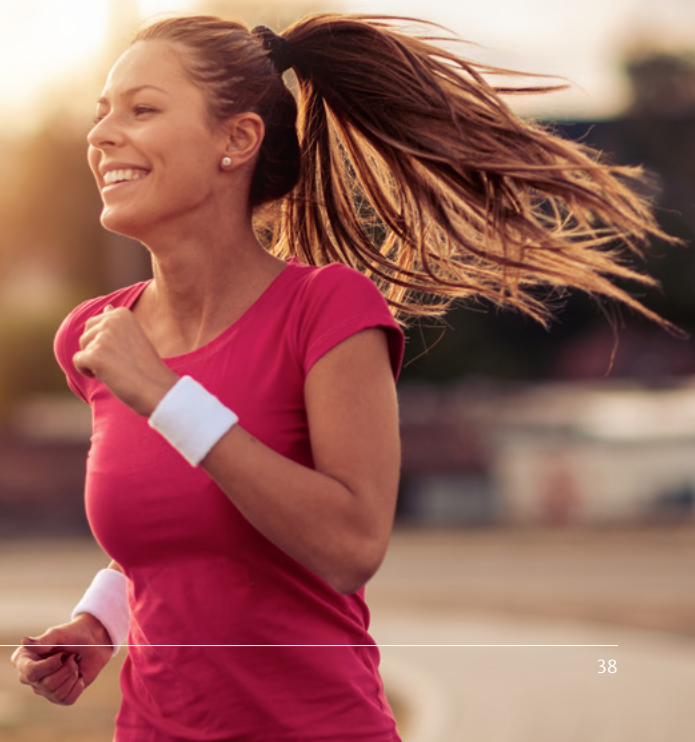
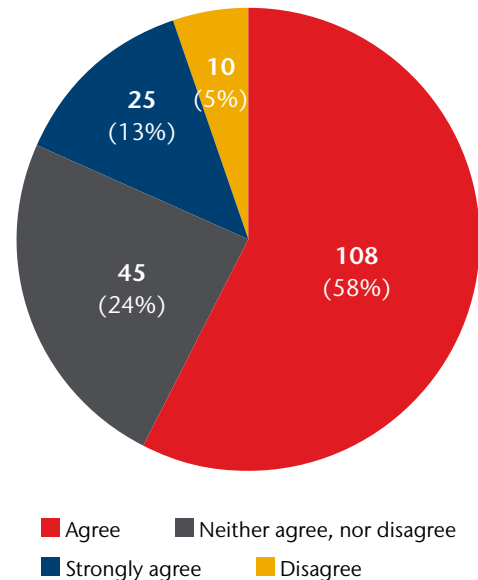
When looking at employer responsibility for influencing employee health and changing behaviours, the results here remain broadly in line with last year, with 71% of employers either agreeing or strongly agreeing they have a role to play. Given this strong majority of opinion, it will remain a frustration to many HR and benefits teams that finding funding for such an important, potentially business critical issue, remains so hard to come by.

By some margin, strategies focussing on mental health are the most common amongst employers with regards to addressing health conditions. As echoed earlier in the survey, this is testament to a surge of interest in the issue, and an increased understanding of the impact on business performance.

However, the low number of employers with defined strategies for other conditions seems at odds given their equal prevalence or impact. If we acknowledge the impact of musculoskeletal conditions on private medical insurance spend or working days lost, or the considerable impact that cancer and heart related conditions can have both financially and emotionally for a firm, then a business case can surely be built to put in place strong strategies focussing on education, prevention and behavioural change.

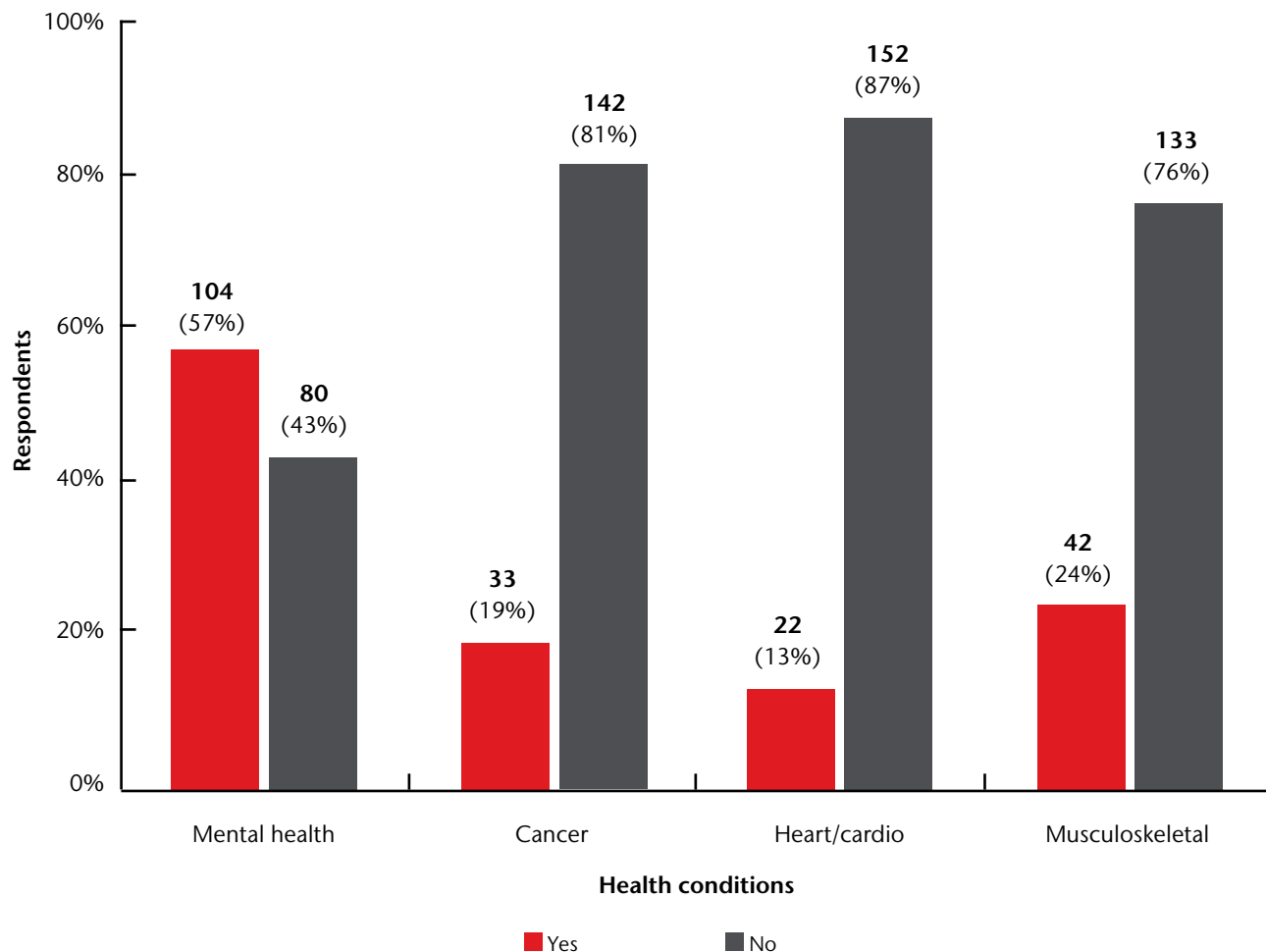
Question 44

To what extent do you agree that the employer is responsible for influencing employee health and changing behaviours?



Question 45

Do you have a specific strategy for addressing the following health conditions?



Added value services

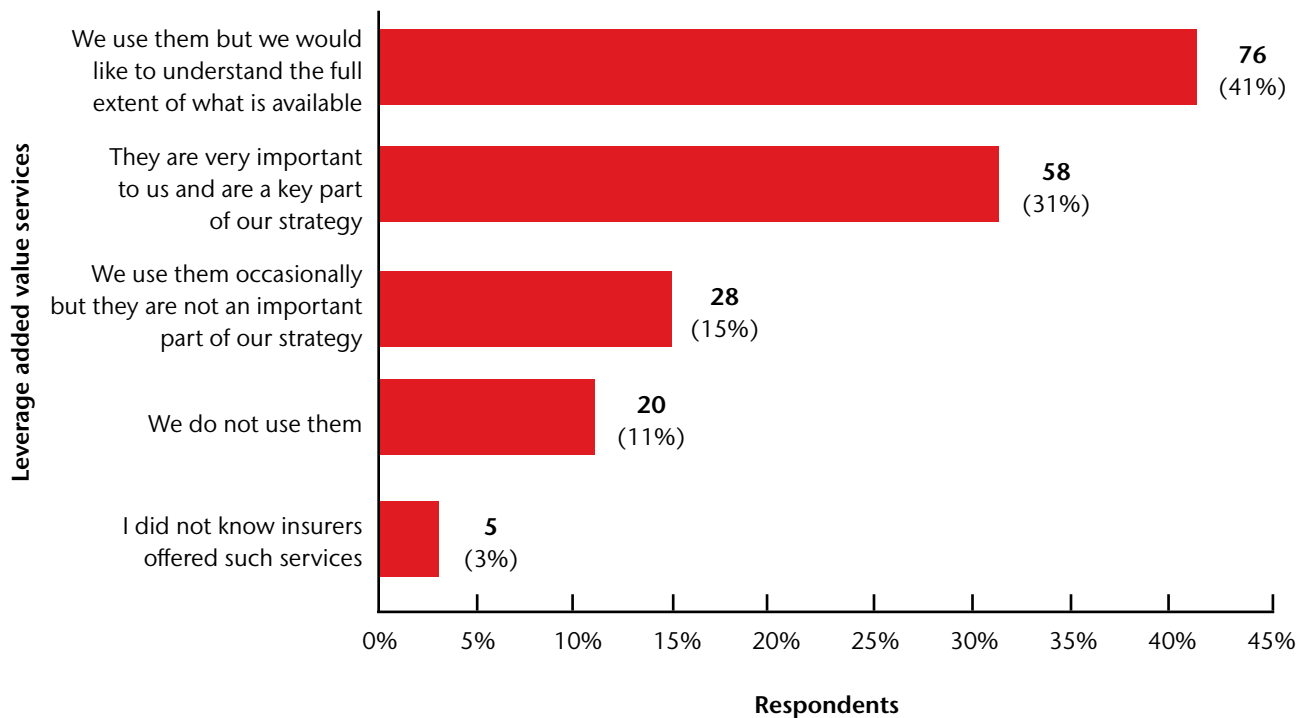
Key findings and insight

Value added services are acknowledged by 31% of firms as very important and key to their strategy. Furthermore, 2 in 5 respondents said that whilst they use these services they would like to understand the full extent of what is available - up from 32% in 2019.

This perhaps shows an increased desire to maximise budgets but also indicates the importance of advisers keeping on top of the ever-expanding eco-system of value add services and articulating a clear understanding of the full range of added value services and how they can best be aligned to support both the employer and the employee.

Question 46

To what extent do you leverage added value services (e.g. EAP's, rehab support, educational content, apps) from Healthcare & Risk providers to support your Health & Wellbeing strategy?



Occupational health

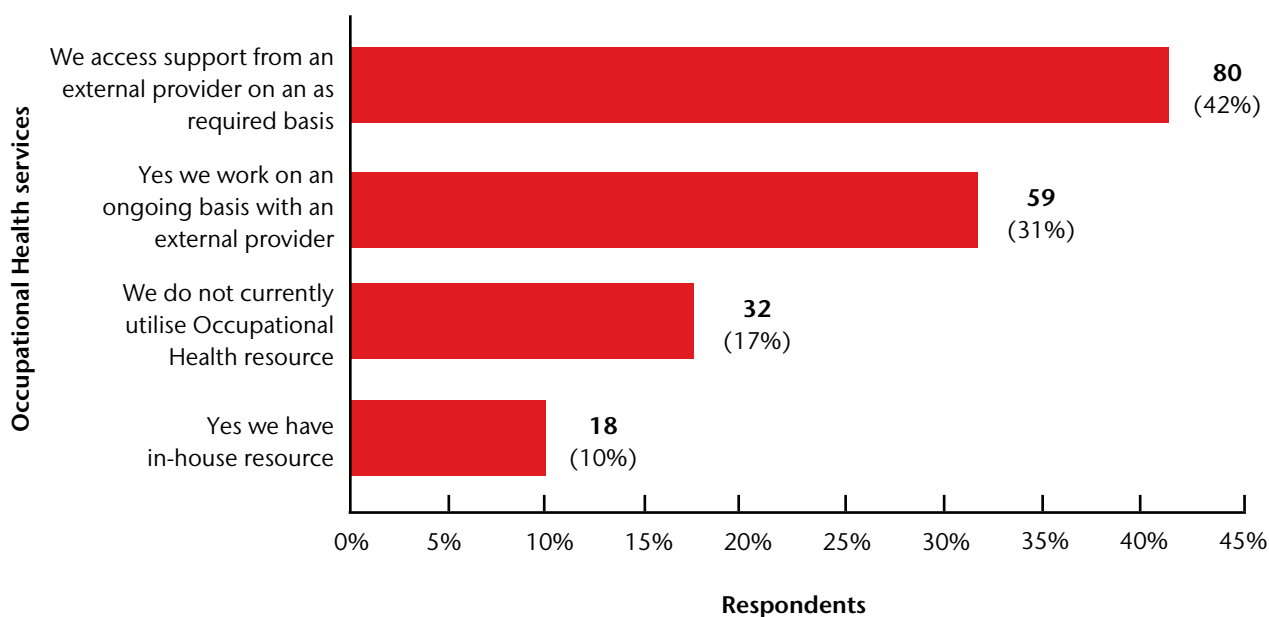
Key findings and insight

At its core, occupational health advises an employer on the impact work has on employee health, and the impact employee health has on their ability to work. Used proactively, Occupational Health can be a powerful tool to help employers prevent employee absence in the first instance through early intervention and advising on appropriate support for employees to recover from their illness whilst still at work. It's a win-win; employees benefit from improved health, greater protection against work-related illness, and being at work means they can maintain their earnings and quality of life whilst the employer benefits from reduced presenteeism, absenteeism and increased productivity.

But not all employers utilise Occupational Health services and not all use it proactively. Positively, this survey indicates that there is an increasing number of employers who are accessing Occupational Health (83% in 2020 vs. 73% in 2019). Occupational Health is most commonly outsourced to a specialist provider (73%) but most respondents (42%) access the service on an ad-hoc as required basis. This highlights a real opportunity for employers to gain greater value from Occupational Health services.

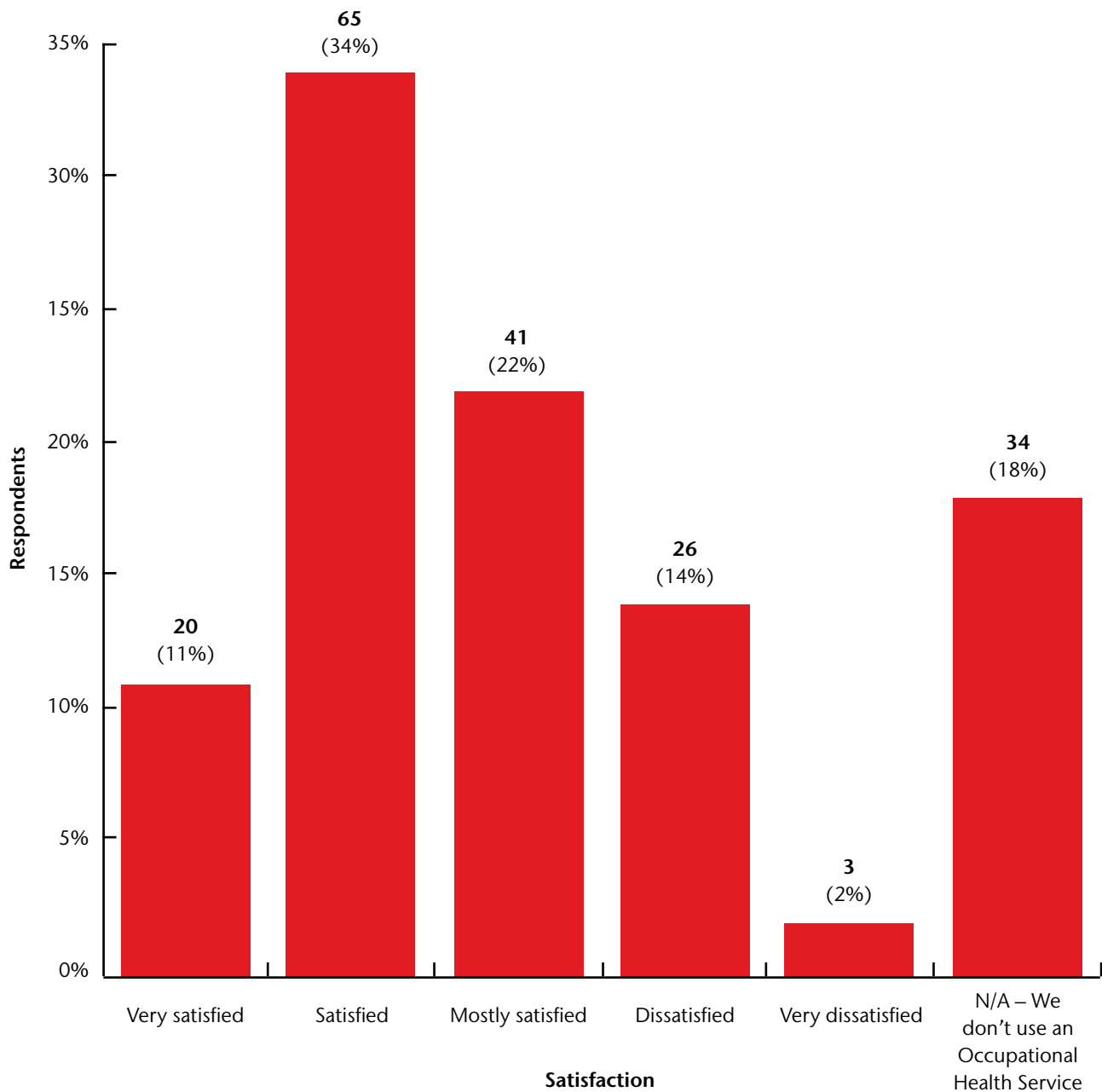
Question 47

Do you utilise an Occupational Health service to help deliver your Health & Wellbeing Strategy?



Question 48

What best describes your level of satisfaction with the support your Occupational Health service currently delivers to your firm?



Of those who have access to Occupational Health, the majority of respondents (81%) are satisfied with the service provided by their provider, however, 19% are dissatisfied. This is similar to last year's result and when investigating into the drivers behind dissatisfaction, we found that it's primarily driven by service levels - turnaround and resourcing, followed by an unfavourable perception of the advice being provided following the Occupational Health assessment.

With nearly 350 providers in the Occupational Health market and varying approaches, employers have a wide choice and should consider reviewing their options to ensure they are getting the best support for them and their employees.

Absence management

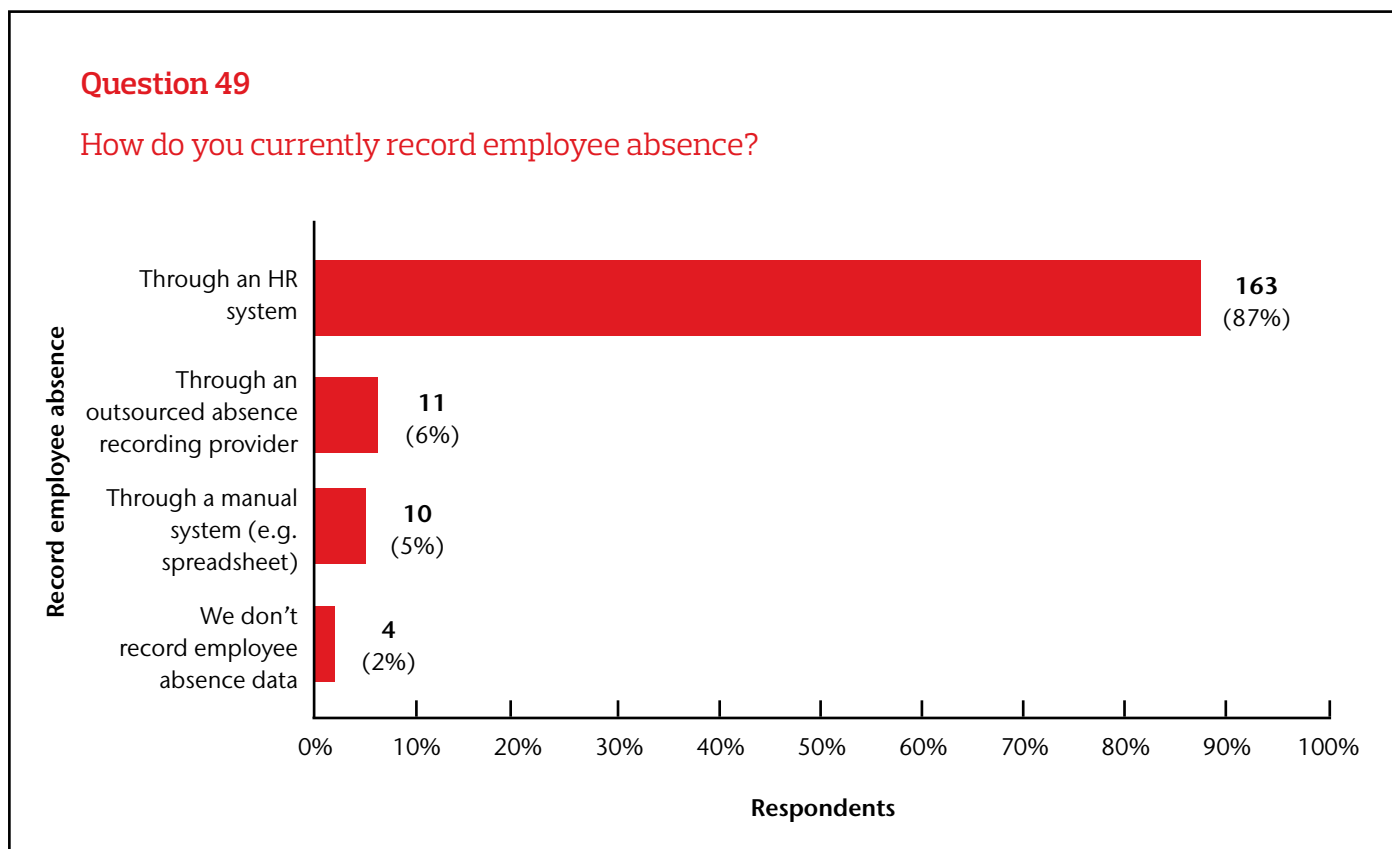
Key findings and insight

Not all absences can be prevented, but there is an opportunity for employers to manage absence by minimising incidence, duration and risk associated with absence such as unfair treatment, discrimination or not meeting duty of care obligations.

Recording absences is an essential part of absence management. This can take various forms, right from using a locally saved spreadsheet through to outsourcing the process to an expert third party. Very few employers don't record absence and this appears to be a diminishing number (dropping from 4% in 2019 to 2% currently). Using a HR system to record absence is by far the most common approach (87%) which is an increase from 2019, with a corresponding decrease in the number of employers who use manual methods (5% compared with 9% in 2019).

Whilst on the face of it these results are encouraging, recording absences in-house is rife with challenges including who records the absence and whether they consistently comply with the requirement to record (i.e. are all absences captured), whether the correct information is captured (such as the reason for absence), and at what stage the absence is recorded (the longer after the first day of absence, the less opportunity there is for early intervention and support to be offered).

Accurate recording from day one of the absence is considered best practice and is essential for support to be offered early on at an individual level. At a whole population level, it provides insight into the drivers of absence to inform and target effective health and wellbeing strategies.



Spend, resource and focus

Key findings and insight

It is perhaps unsurprising to see that most employers spend remains focussed on treatment of ill-health, most often through private medical insurance and other health related insurances. With medical inflation continuing to put pressure on budgets, employers will need to carefully consider future strategy for this important benefit to make sure it remains both fit for modern purpose but is also sustainable.

What is encouraging and perhaps even a touch surprising is the surge of employers saying that their highest area of spend is on initiatives and benefits that focus on education and prevention.

In line with the results from 2019, what remains disappointing is the low number of employers investing in support with early detection and intervention services.

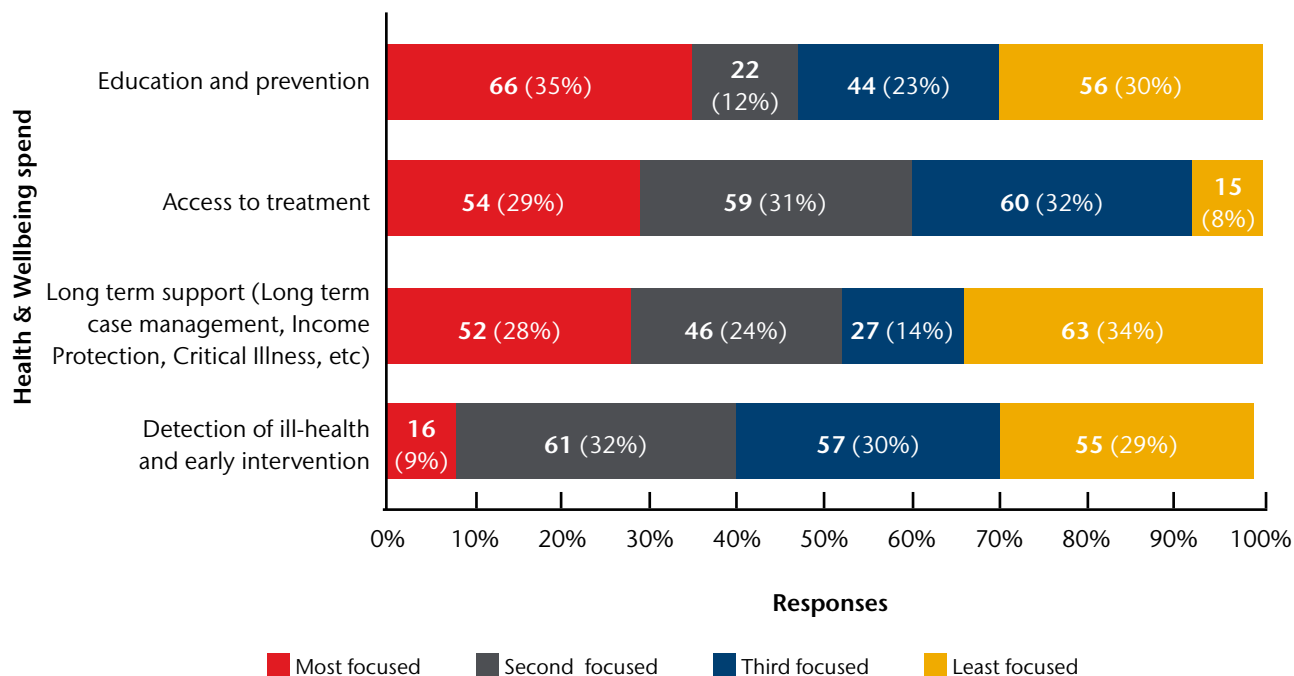
On a positive front, employers are looking to focus on initiatives aimed at educating and preventing ill-health and supporting early detection. However, these results are very similar to our 2019 findings, which implies that whilst education and prevention appears to be reflected as actions for employers over the past 12 months, these intentions have not yet filtered through to greater investment.

It will be interesting to see if increased access and engagement with modern tailored screening programmes, health apps and remote, tech-based solutions, will see investment in this important area increase over the next 12 months.



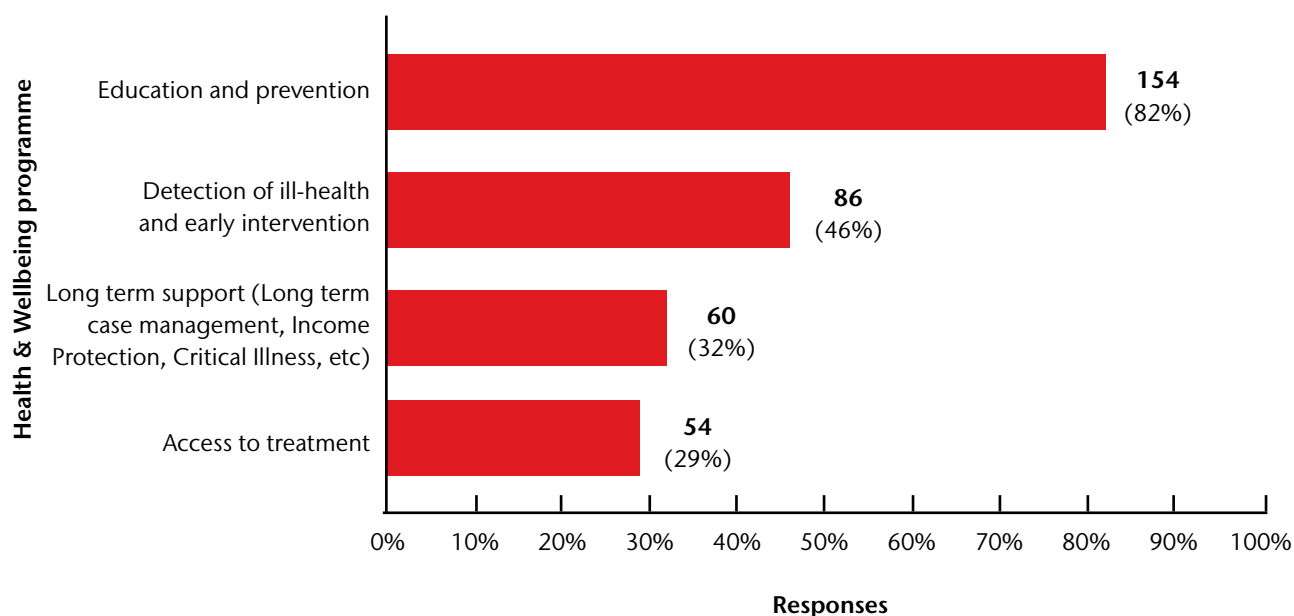
Question 50

Where currently in your Health & Wellbeing programme is the majority of your spend and resource focussed?



Question 51

Looking forward, which areas of your Health & Wellbeing programme are you most looking to focus on?



Engagement and communication

Value of communication and budgets

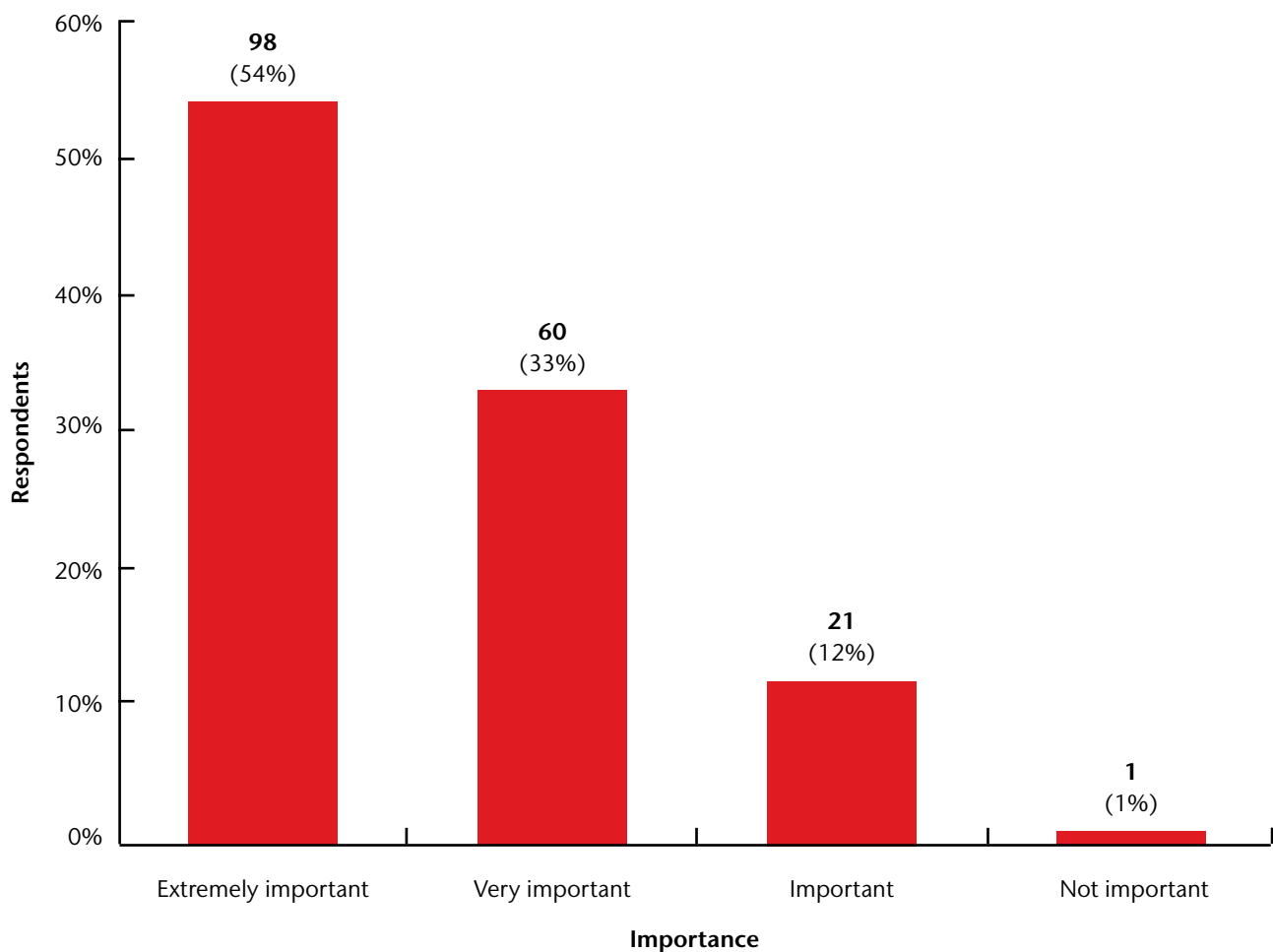
Key findings and insight

Having great benefits and health and wellbeing initiatives in place is only one part of the challenge firms are facing. Employee engagement with them is also key, and an area we see nearly every company looking to improve. Given this, it is unsurprising that 99% of firms see the importance of increasing employee understanding and engagement with their benefits and health and wellbeing offerings.

However, whilst 99% of companies see the importance of communicating and engaging with their employees, 57% of firms do not have an engagement strategy in place. This highlights a gap between recognising the importance of increasing engagement and implementing a strategy to positively influence engagement – this needs to change.

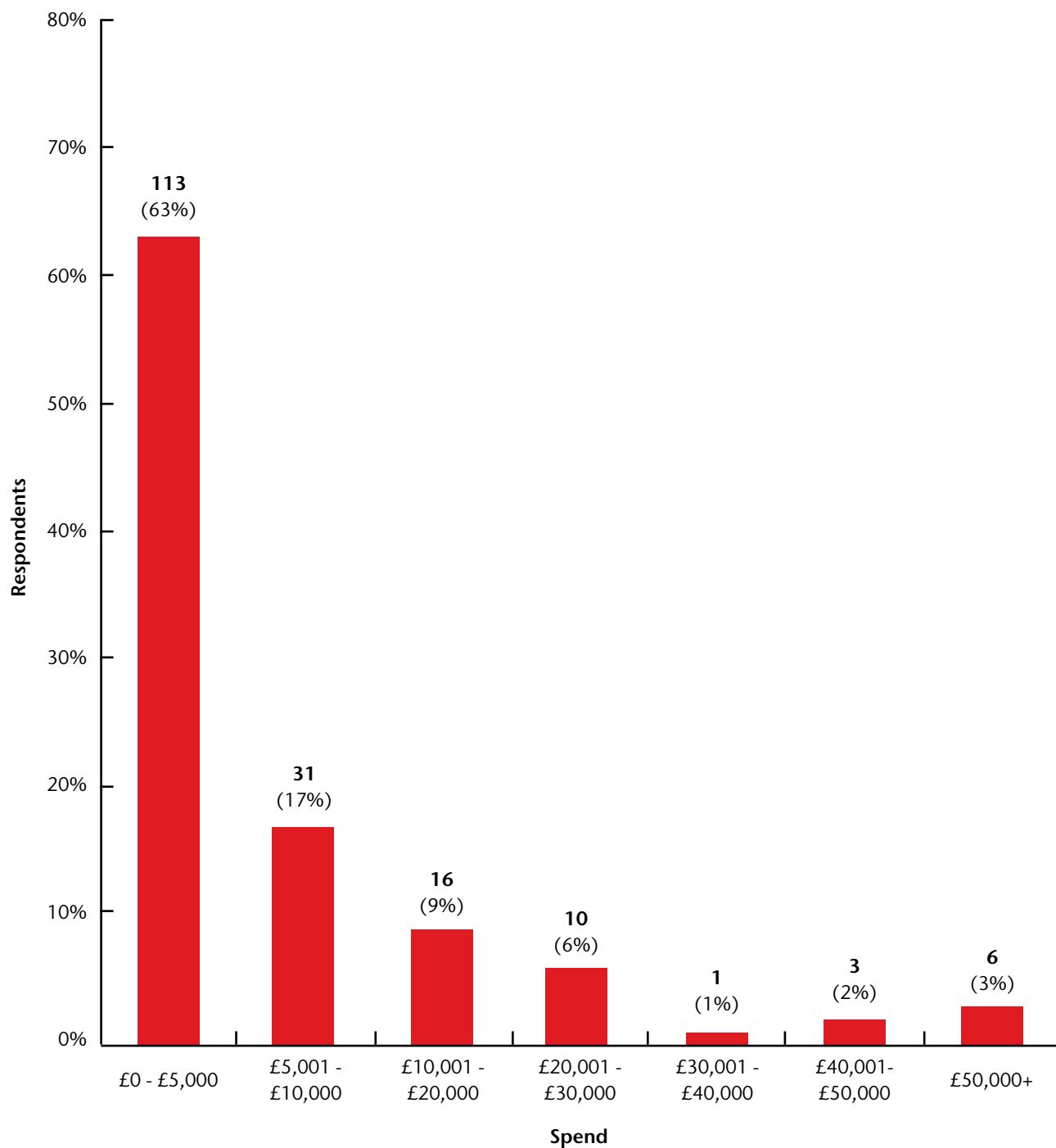
Question 52

How important is it to increase employee understanding and engagement with their benefits and/or health and financial wellbeing?



Question 53

How much do you budget annually for engagement and communication of your benefits?

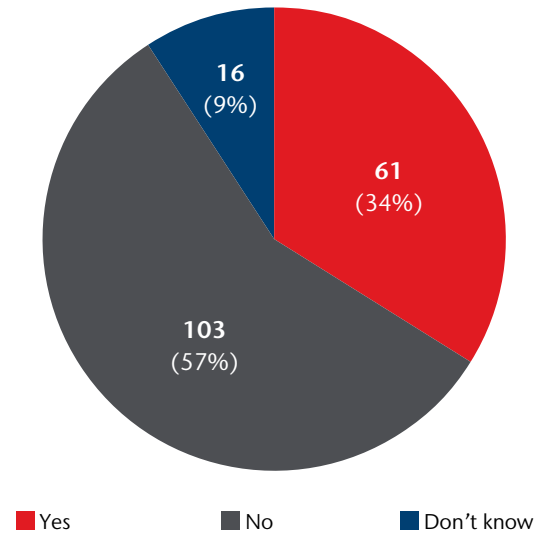


On a more positive front, from a budget perspective we are pleased to see an increase in companies investing more than £5K to support engagement and communication of benefits. This has increased nearly a quarter, from 30% in 2019 to 38% this year - of which 12% of these firms are spending over £20k (double that of 2019), with almost half of that 12% spending over £40k.

These results imply that those companies who have an engagement strategy in place are aligning more budget to support a greater buzz around benefits and improved education with their communication approach. The fact that budgets have increased since 2019 could be as a result of those companies seeing a positive impact from the spend they allocated in the last 12 months and are therefore willing to continue or increase investment.

Question 54

Do you have an engagement strategy in place?



Understanding and communicating with employees

Key findings and insight

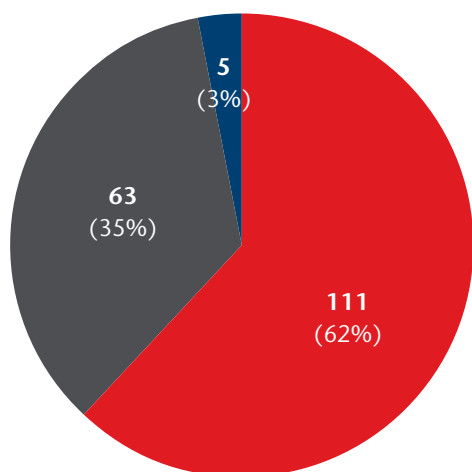
Understanding the employee - their needs and how they want to consume information - is the first point of call when considering how to position benefits and strategy. Taking into account the employee voice can ultimately have a positive influence on engagement levels and take-up rates.

It is pleasing to see that 62% of companies do conduct research to understand employee needs. Those firms who do not conduct research currently, may find this a useful activity to undertake, particularly if benefit take-up rates are low. Then firms can use that data to understand and redefine what benefits mix is the most engaging.

When it comes to communicating benefits, there has been a slight increase in number of companies who have a benefits brand - up from 43% in 2019 to 46% in 2020. The idea behind having a benefits brand is that it should help build a benefits and reward proposition that has a more memorable impact on employees.

Question 55

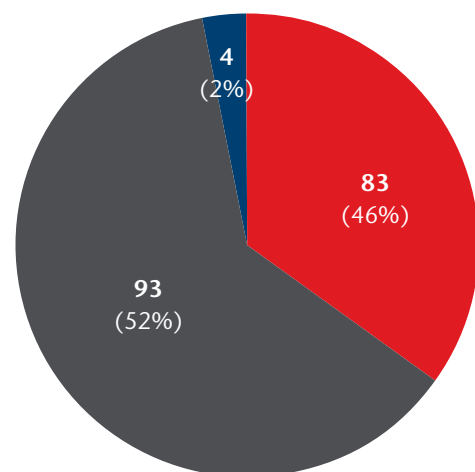
Do you conduct research/listening with your employees to understand their needs?



■ Yes ■ No ■ Don't know

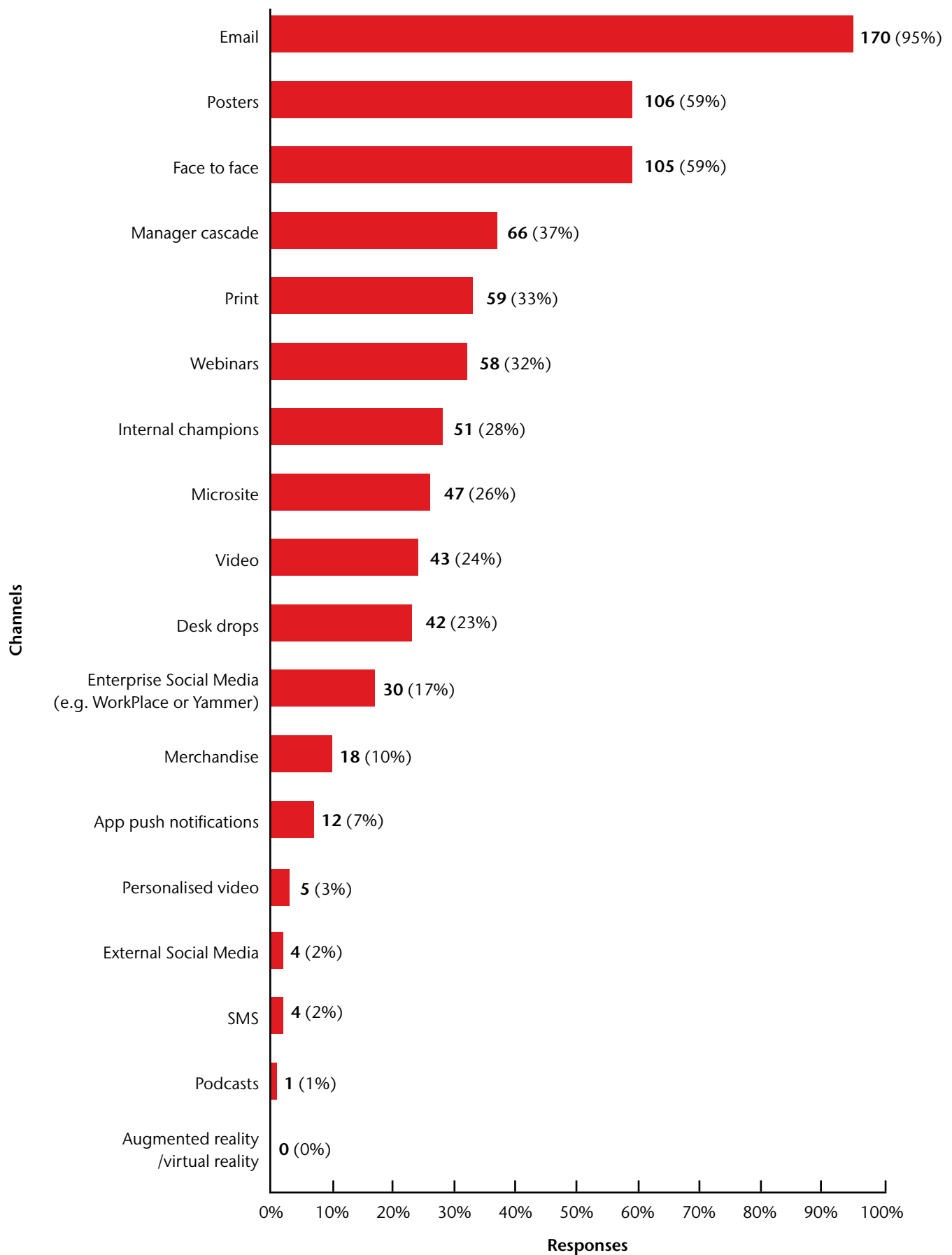
Question 56

Do you have a benefits brand?



■ Yes ■ No ■ Don't know

Question 57 Which channels do you currently use or are planning to use when communicating benefits and/or health and financial wellbeing?



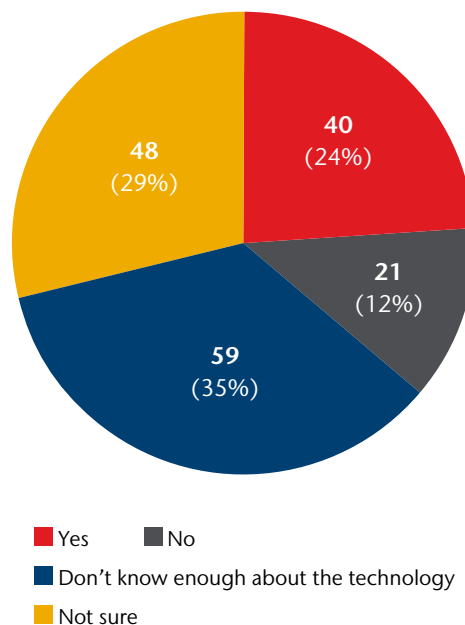
Interestingly, when looking at the channels companies use to communicate their benefits, there has been no change in the top three most popular methods which remain as email, posters and face to face. Using email is now at 95% usage (up from 75% four years ago). Similarly, there has also been no change in the least popular methods which remain as augmented reality, podcast and SMS. It's the digital channels that are steadily increasing with popularity over time, such as microsites (up 8% from 2016) and video (up 5% from 2016). With app technology we are seeing 7% of firms using push notifications too. This shows firms are using new engaging technology more and more to connect with employees in addition to more traditional forms such as email.

However, whilst none of the companies surveyed use augmented reality to communicate benefits or engage with employees, 24% think it could play a part. Interestingly, 64% either don't know enough about the technology or are not sure if it could play a part. It will be interesting to see if this shifts in the future as people begin to learn and understand more about its capabilities.

Drilling down into communication relating to the flexibility around retirement choices, written information to all employees and face to face briefings are the most common communication activities, with over half of employers adopting a least one of these methods. This is potentially due to the complex nature of retirement choices, but that is not to say other options should not be explored and/or considered.

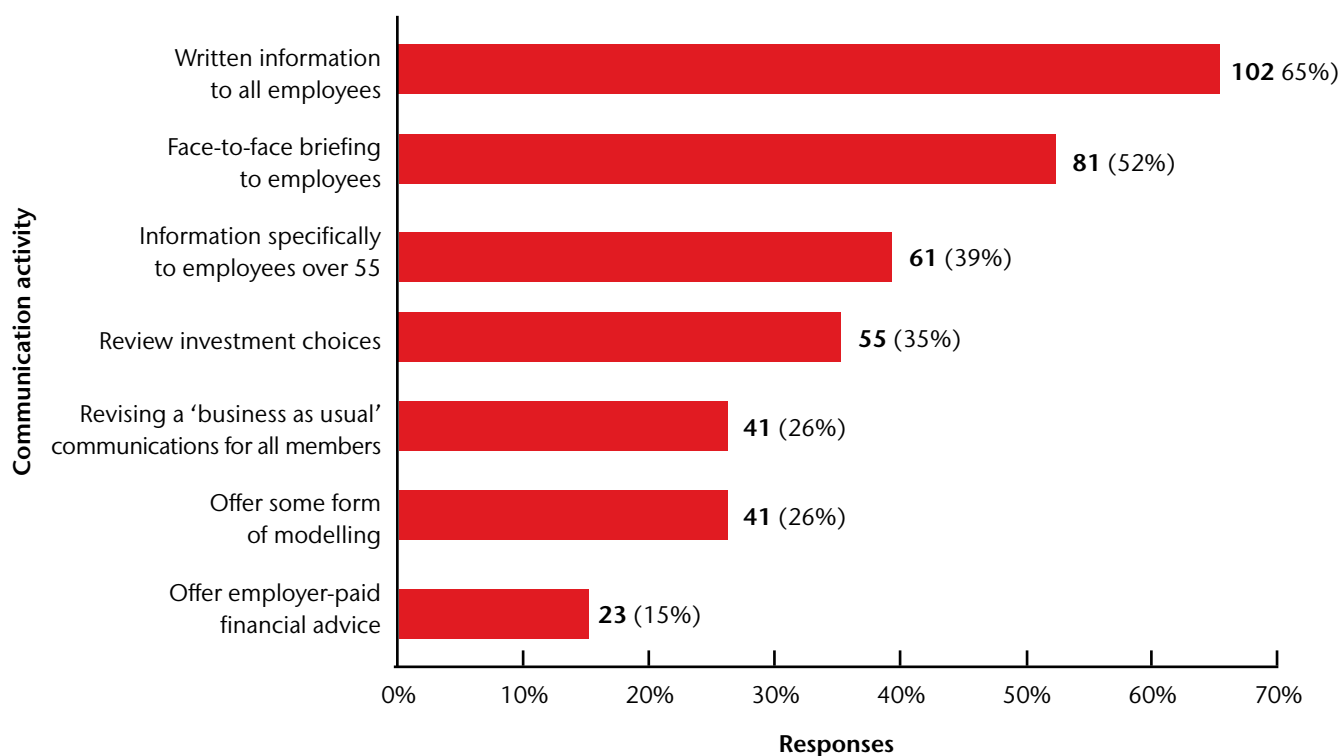
Question 58

Do you think augmented and virtual reality technologies have a part to play in communicating benefits and/or engaging employees?



Question 59

Regarding the flexibility around retirement choices in particular, which of the following communication activities have you done or are you considering?



Segmentation

Key findings and insight

Segmenting your employee audience into smaller groups with similar characteristics, wants and needs enables communications to be tailored better to those audiences. Tailored communications can influence the extent to which an employee pays attention to, understands and acts on different messages.

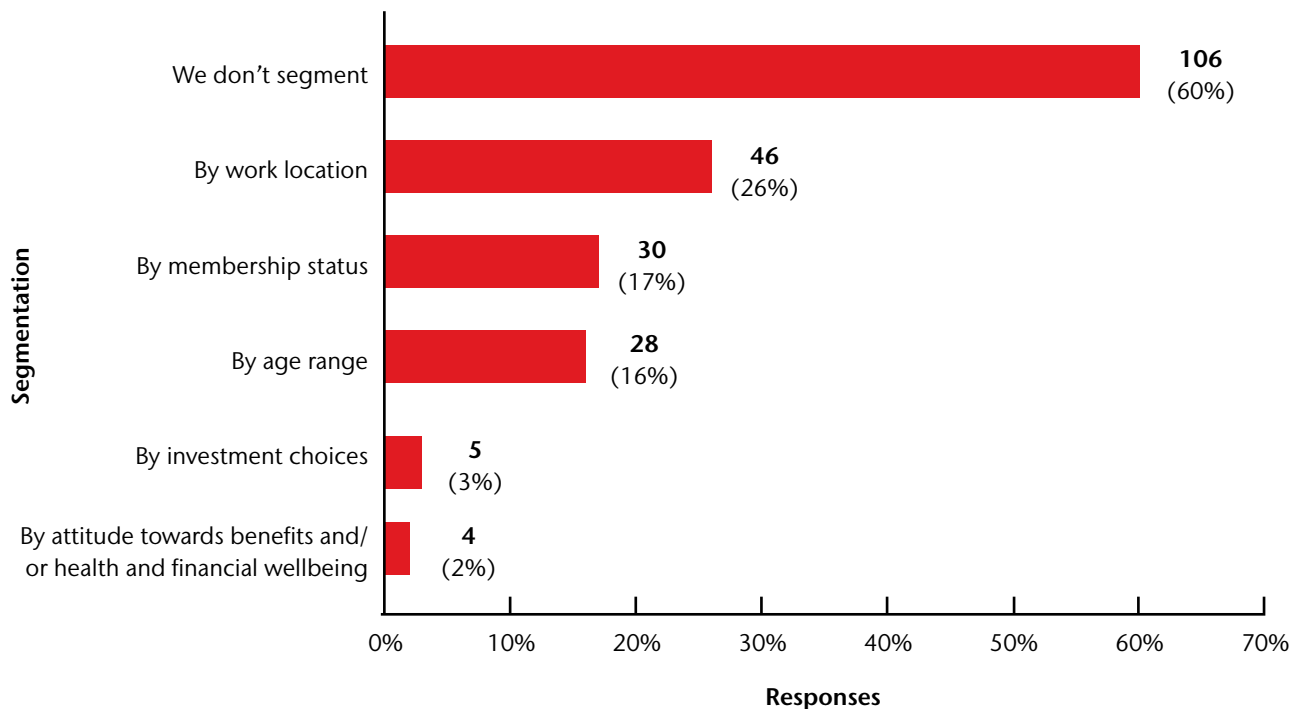
Whilst there are many benefits to segmentation, 60% of firms do not segment their audience when communicating to

employees. Furthermore, of those who do segment, most tend to segment by work location, which may not necessarily have the same impact as other segmentation choices in terms of appealing to employees' individual needs.

Segmentation can support better communication, engagement levels and up take of benefits from employees, and whilst fewer firms are using targeted communications, this is certainly a method that could help distinguish similar firms from one another.

Question 60

When communicating with employees, how do you segment your audience?



Future communication spend

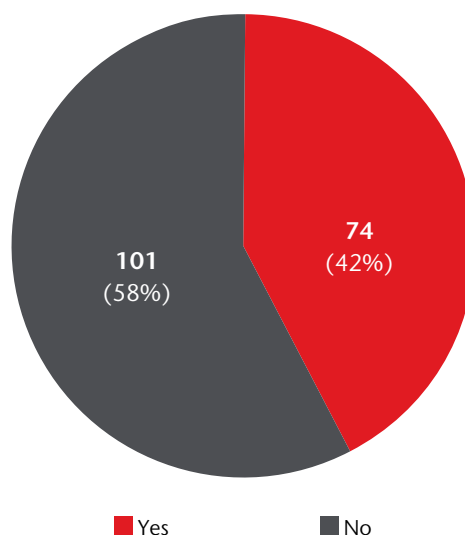
Key findings and insight

Whilst firms are understanding the importance of communication in engagement and take-up rates, only 42% would be willing to increase spend to improve communications. This is slightly down from 46% in 2019 and could be as a result of companies already increasing spend on communication as aforementioned.

At the end of the day, companies need to think carefully about the balance between benefit spend and communication to ensure their benefits really hit the mark, are communicated well and therefore resonate with employees to drive take-up rates. For companies with smaller budgets, it may be looking at how to be smarter with budgets and resources, perhaps spending less on print to allow for more value through a compelling communication strategy.

Question 61

Would you be willing to increase spend to improve your communications?



Total reward

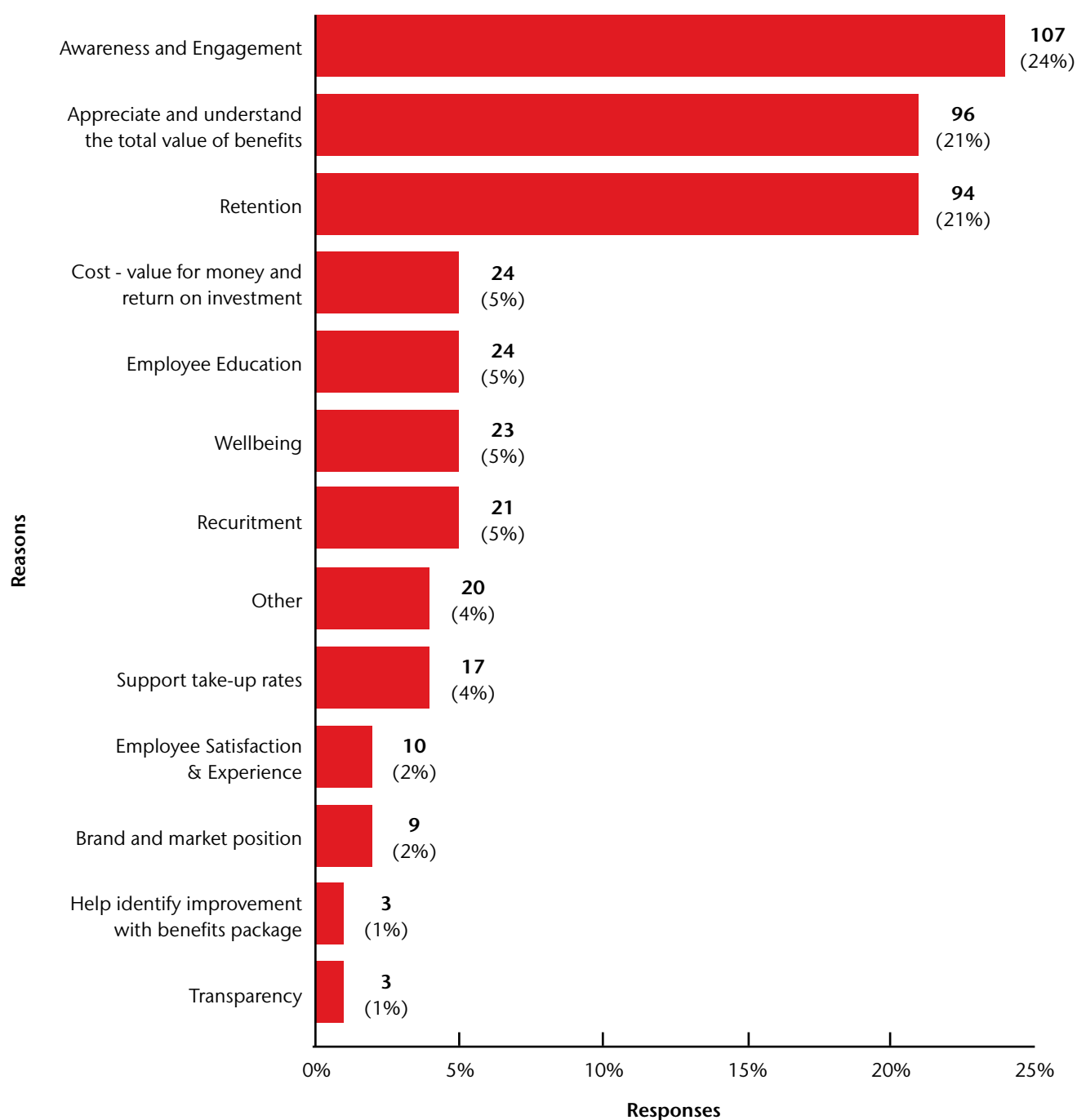
Key findings and insight

The importance of benefit understanding and engagement is a trend we see year on year, as highlighted earlier in this report. But what are the top reasons for wanting employees to understand total reward? This year, the top three reasons

were heavily weighted: awareness and engagement (24%), appreciation and understanding the total value of benefits (21%) and retention (21%).

Question 62

What is the top reason for wanting to increase your employees' understanding of Total Reward?

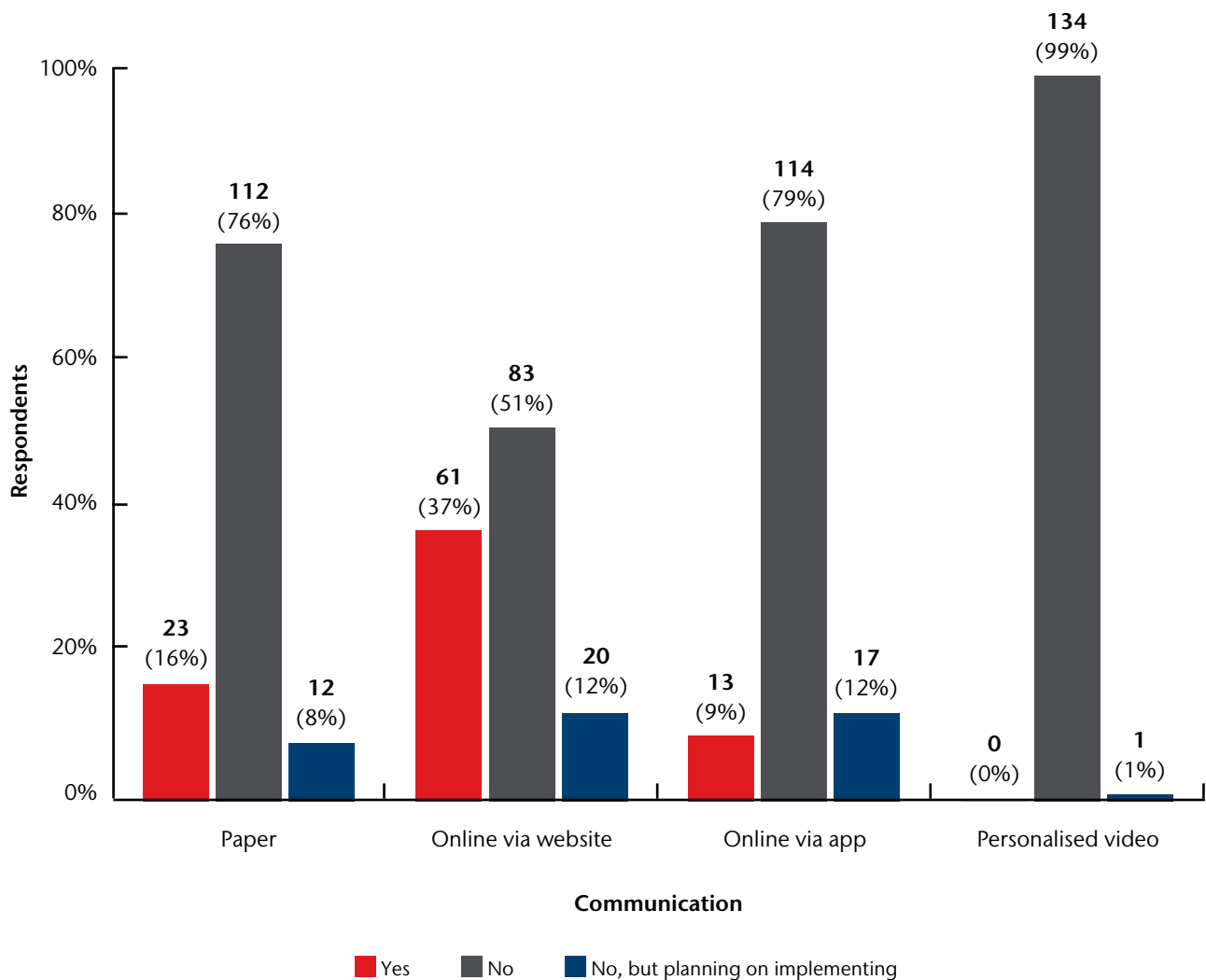


Of those firms who provide total rewards statements (TRS), online via a website is the most common method of statement provision (37%). Paper TRS continues to decline year on year. This year only 16% of firms provide paper TRS vs. 29% in 2019. It's positive to see more companies taking greater social responsibility by moving to online TRS, and we expect this

to be a trend that continues over the next year and beyond. With apps such a prominent part of our daily lives, it will be interesting to see if a decline in paper TRS will lead to an increase in app based TRS, especially given 21% of firms either provide TRS via an app or are planning to implement it in the future.

Question 63

Do you provide Total Reward Statements to your employees in the following ways?



Building strategies

Key findings and insight

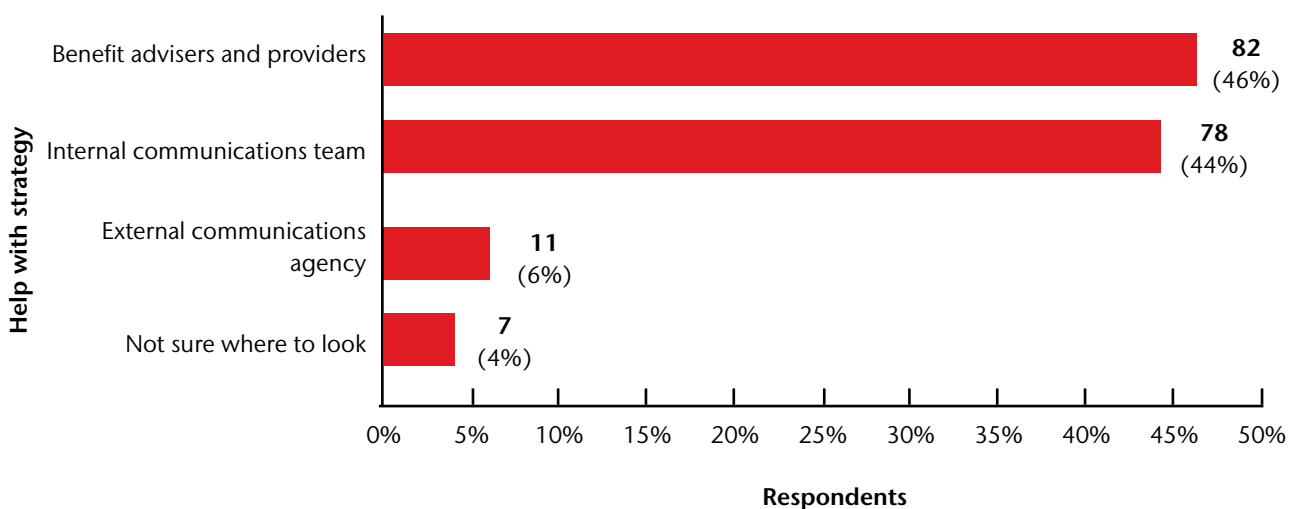
There are many benefits to having an employee engagement communications strategy - from helping employees understand what is on offer and making them feel more valued and therefore productive at work, to enabling them to understand the total value of reward.

However, knowing who to call upon for support is a challenge for some organisations, in fact 4% of firms are not even sure who they would call upon to help them get started or where to look.

Whilst some firms have internal communications teams to support the creation of a strategy (44%), most will call upon benefits advisers and providers for support (46%). Their popularity is most likely due to the knowledge, speciality and experience they have to offer. We predict to see more companies working collaboratively with advisers in 2020.

Question 64

Who are you likely to call upon to help with an engagement and communications strategy?



Workplace pensions

Pension plans

Key findings and insight

Group Personal Pensions (GPP) remain the most common pension plans in place, and there continues to be a rise in the number of businesses adopting them over the past few years (70% in 2020, 62% in 2019, 59% in 2018). The result comes as no surprise as GPP offers employers a flexible, well governed option with rapidly developing member-facing technology aiming to engage users.

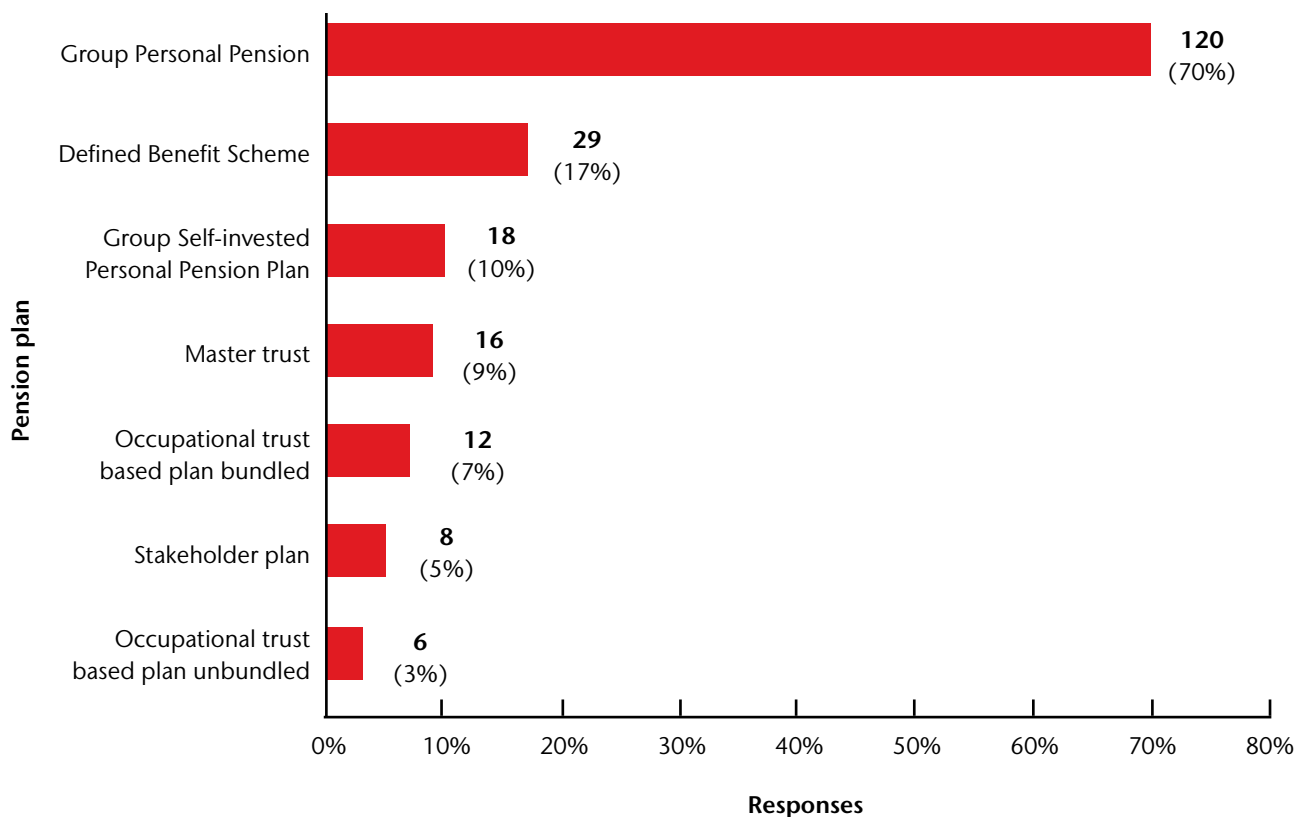
When it comes to retirement and member services, similar to last year, 50% of firms do not know how they manage retirement and what services they offer - this is relatively

concerning. On the flip side, 50% of firms are supporting members at retirement by providing access to independent financial advice (25%), annuity broking (12%) or in other ways (13%).

With the complexities of choices people face at retirement the results raise the question as to why employers are not doing more to help their people maximise the outcomes from their pensions, especially taking into account the fact that employers will have been potentially contributing for many years.

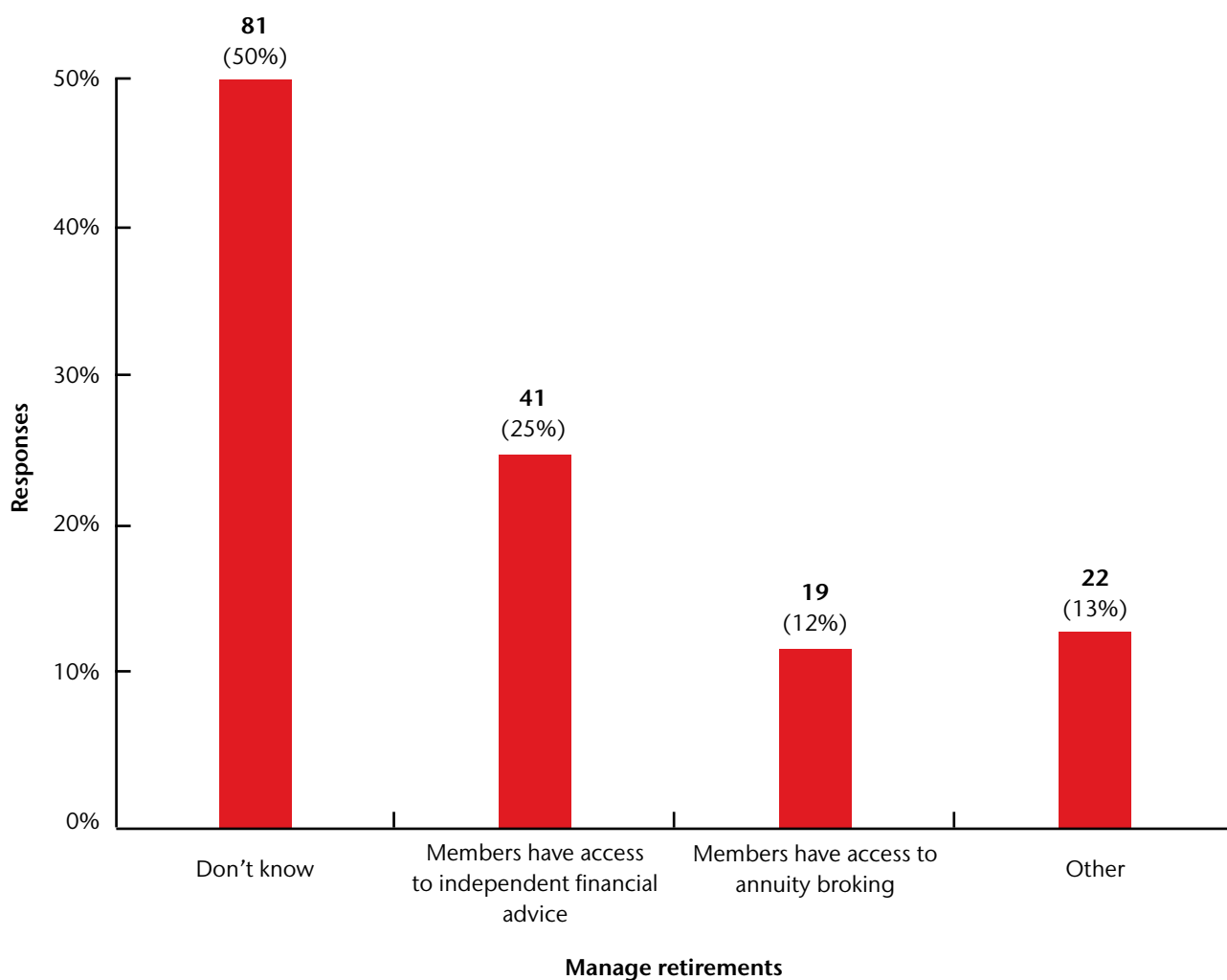
Question 65

Which type of pension plan do you currently operate?



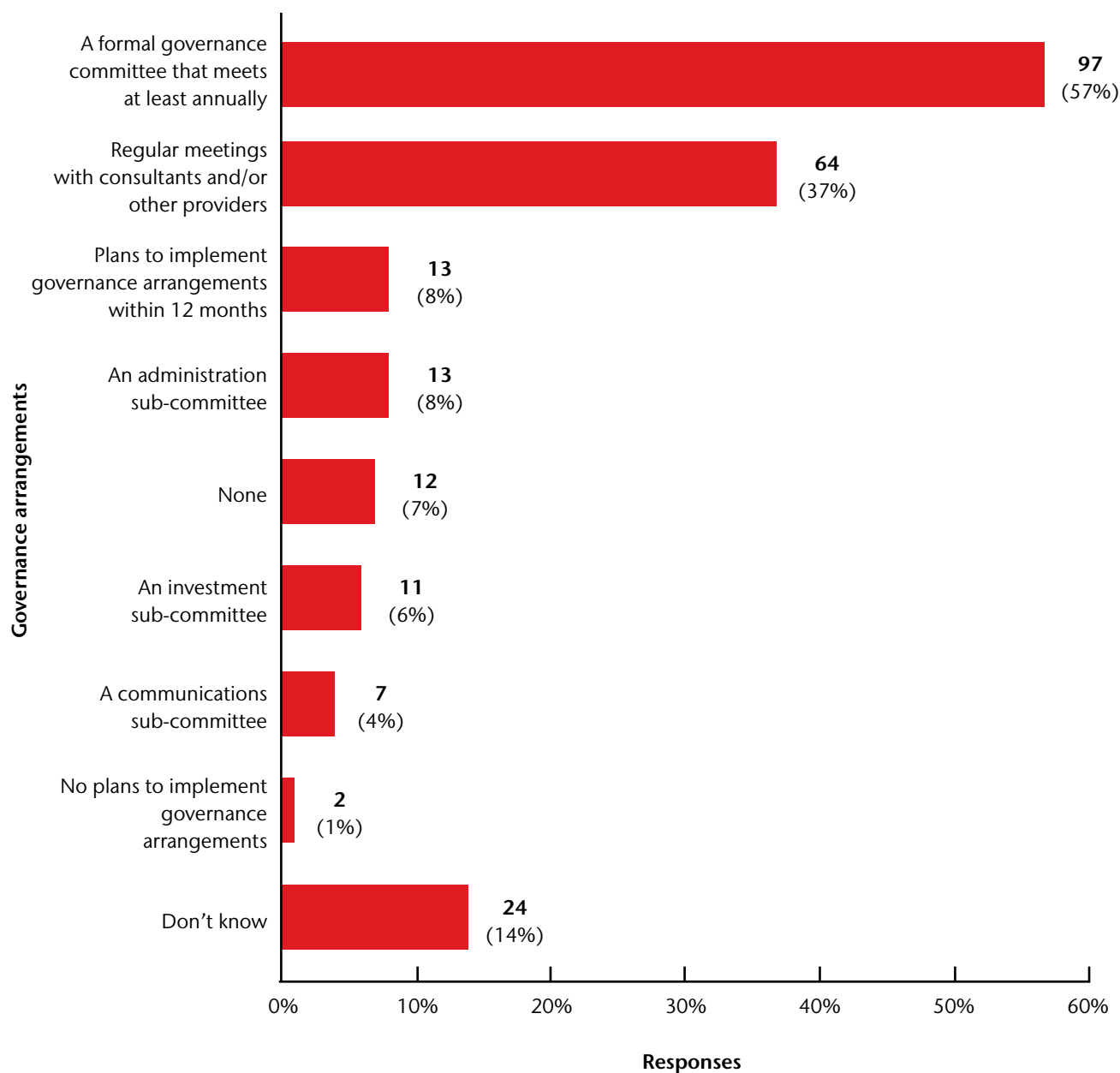
Question 66

How do you manage retirements in your Defined Contribution Plan?



Question 67

What, if any, governance arrangements do you have in place?



There has been no significant change in the responses with “formal governance committee that meets at least annually” outstripping the alternatives (57%). Of concern 7% of firms have no governance arrangements in place and 1% have no plans to implement any.

This is a concern as the lack of governance could lead to poor member outcomes or inappropriate scheme structures with the employer unlikely to be aware.

Pension education and engagement

Key findings and insight

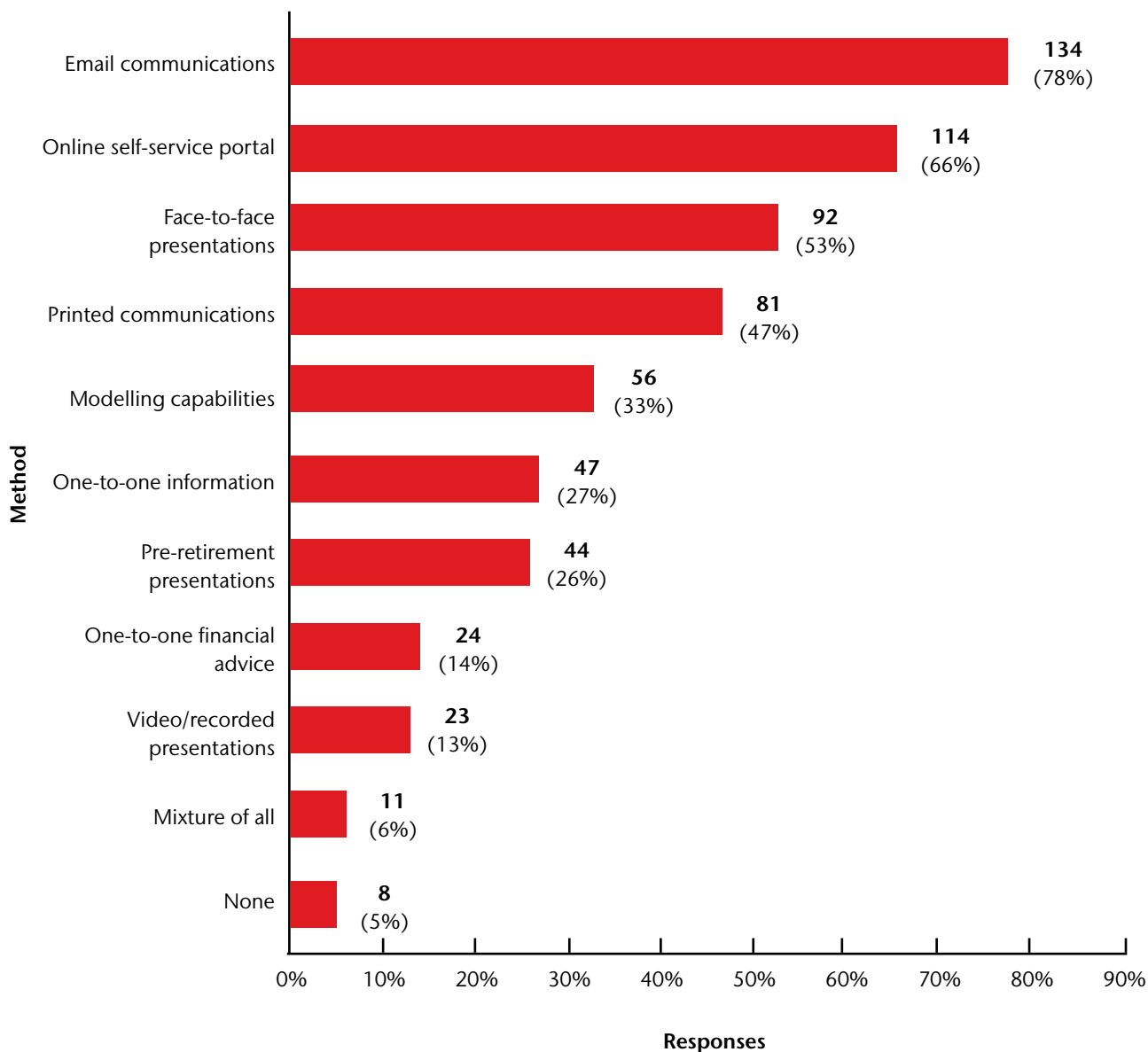
As with 2019 results we are surprised that there hasn't been a significant change in the methods used by employers to educate and engage their people. We know that there is growing demand for content to be delivered more innovatively yet employers continue to focus on email (78%). Online self-service portals came in as the second most common method (66%) with face to face in third place (53%) up from fourth in 2019. Printed communication came in at fourth place this year

(47%), dropping from joint 2nd in 2019 at 63%. This suggests people are slowly moving away from paper communication.

If people are to believe a workplace pension scheme is a valuable benefit they must be engaged in a format that resonates with their lifestyle - it might be that a combination of channels is most effective, such as technology supported by face-to-face interaction.

Question 68

What methods do you use to educate and engage employees and members about their pensions scheme/plan?



Legislation and pension reviews

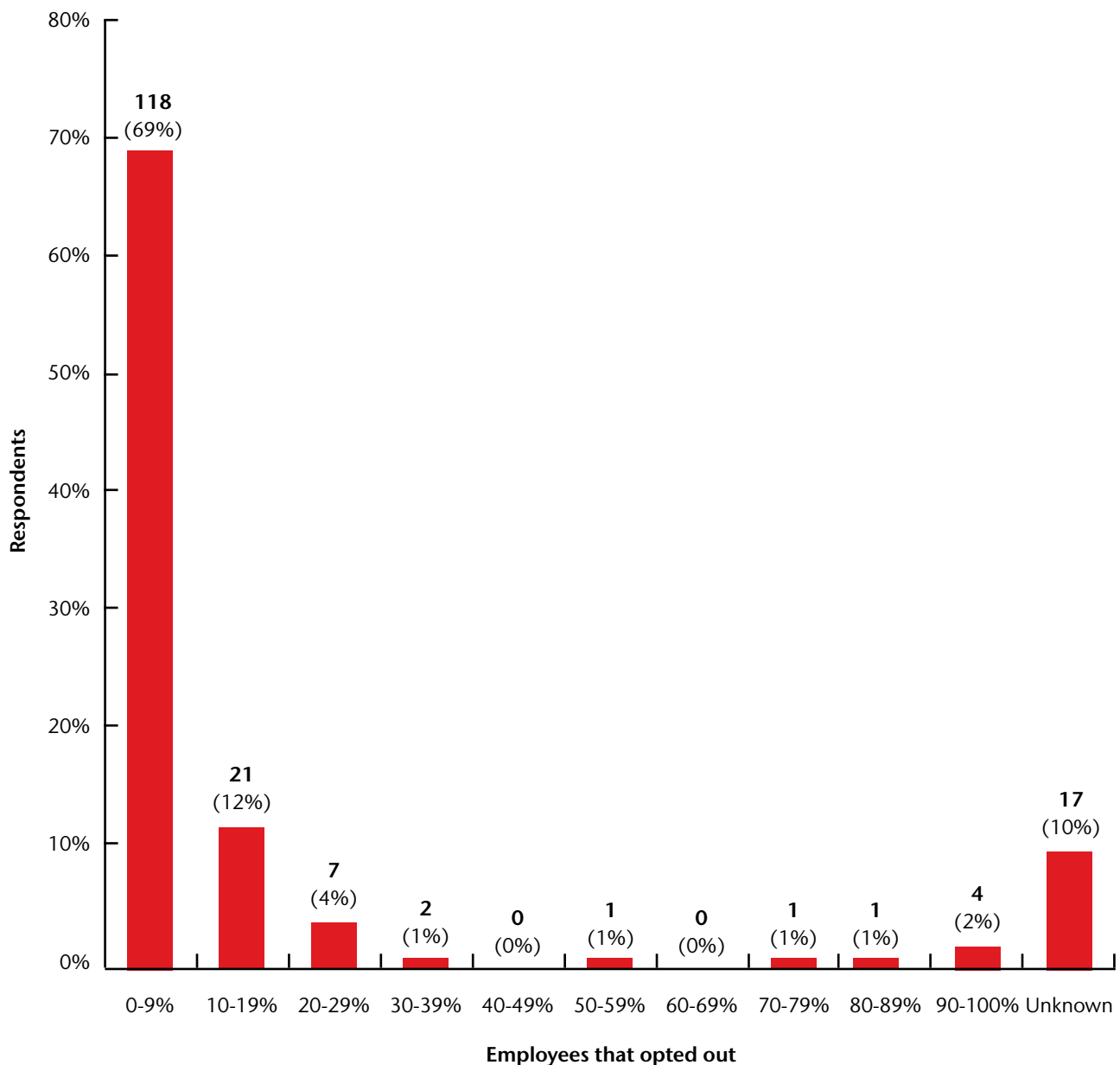
Key findings and insight

Retirement savings has been highlighted as a concern for many – with far too few saving enough for retirement. The introduction of auto-enrolment is a great, hassle-free way for employees to get started and take advantage of employer contributions. It is encouraging to see that since the introduction of auto-enrolment, few employees have opted out of their employer's workplace pension scheme.

When it comes to companies reviewing their pension scheme, whilst 69% of firms have reviewed their pension scheme, 17% have not done so since the introduction of pension freedoms. It is surprising that so many have not considered the significant legislative and potential design factors that need to be addressed since 2015. Hopefully, many of these will be in the 32% of firms planning to review their scheme within the next 12 months. Pension reviews are both important and valuable. Often, reviews can highlight structural changes that may enhance the benefit for employees and mitigate operational risk for the business.

Question 69

What percentage of employees opted out of your employer's workplace pension scheme?

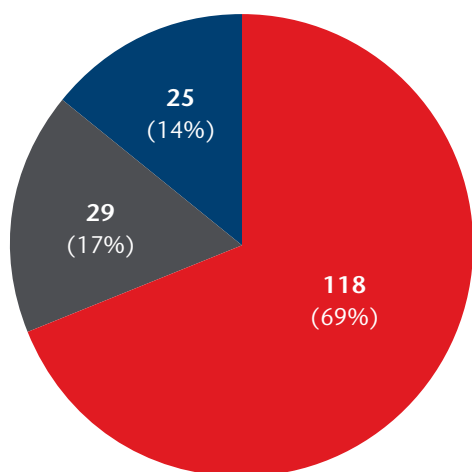


For those companies that have undertaken a review and implemented changes to ensure they operate the right pension scheme, the focus can shift to developing and delivering an engagement and communications strategy.

Member costs remains the number one factor that would lead employers to change pension provider but as the market reaches a common charge range we would envisage other factors – online functionality, fund performance, administration efficiency – starting to play an increasing influence on future scheme changes.

Question 70

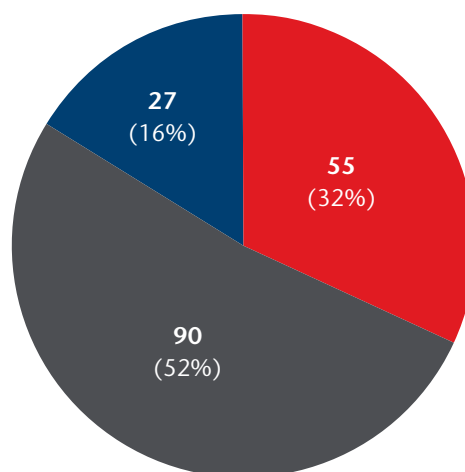
Have you reviewed your pension scheme since the introduction of Pension Freedoms (2015)?



■ Yes ■ No ■ Don't know

Question 71

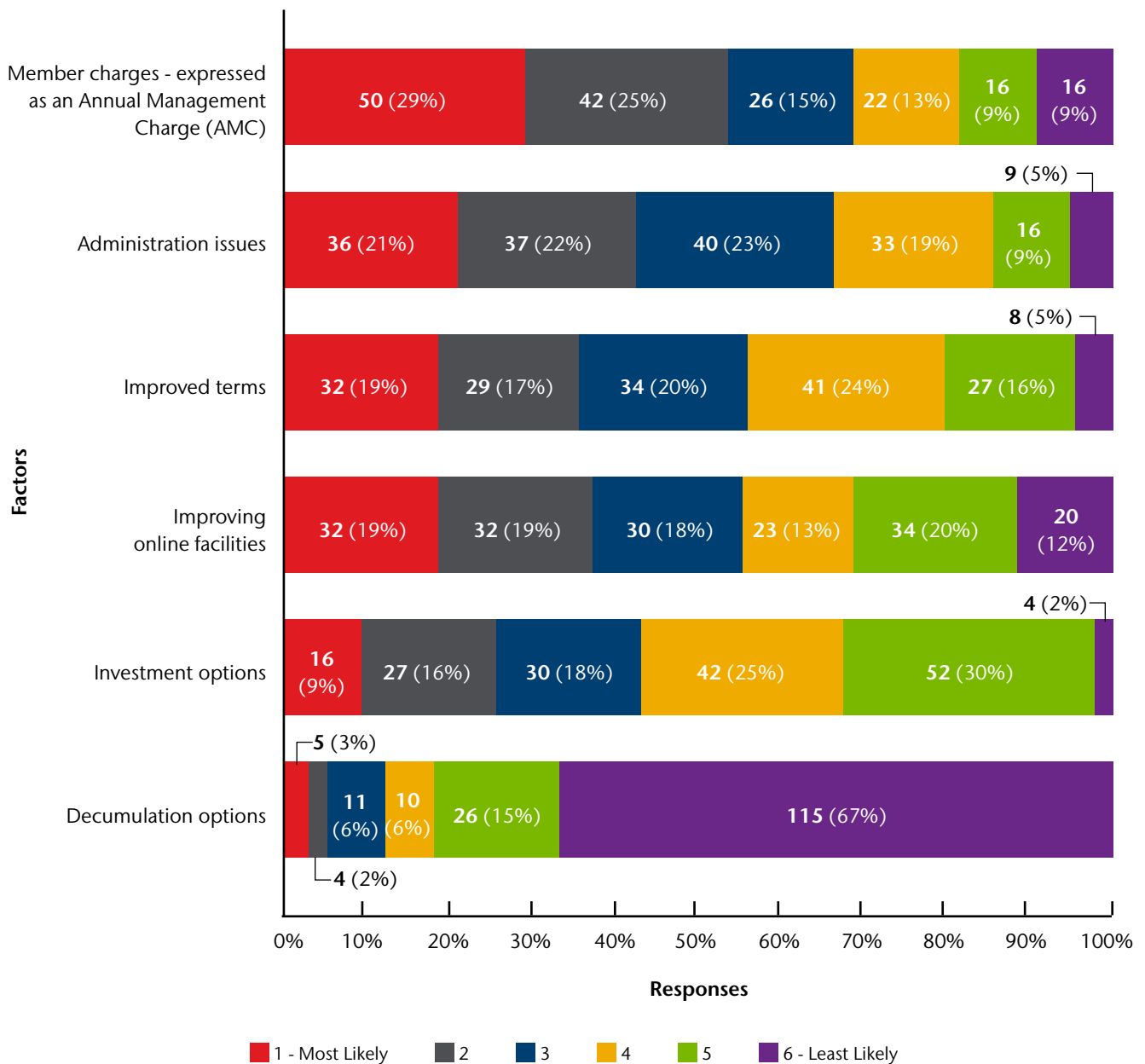
Are you planning to review your pension scheme in the next year?



■ Yes ■ No ■ Don't know

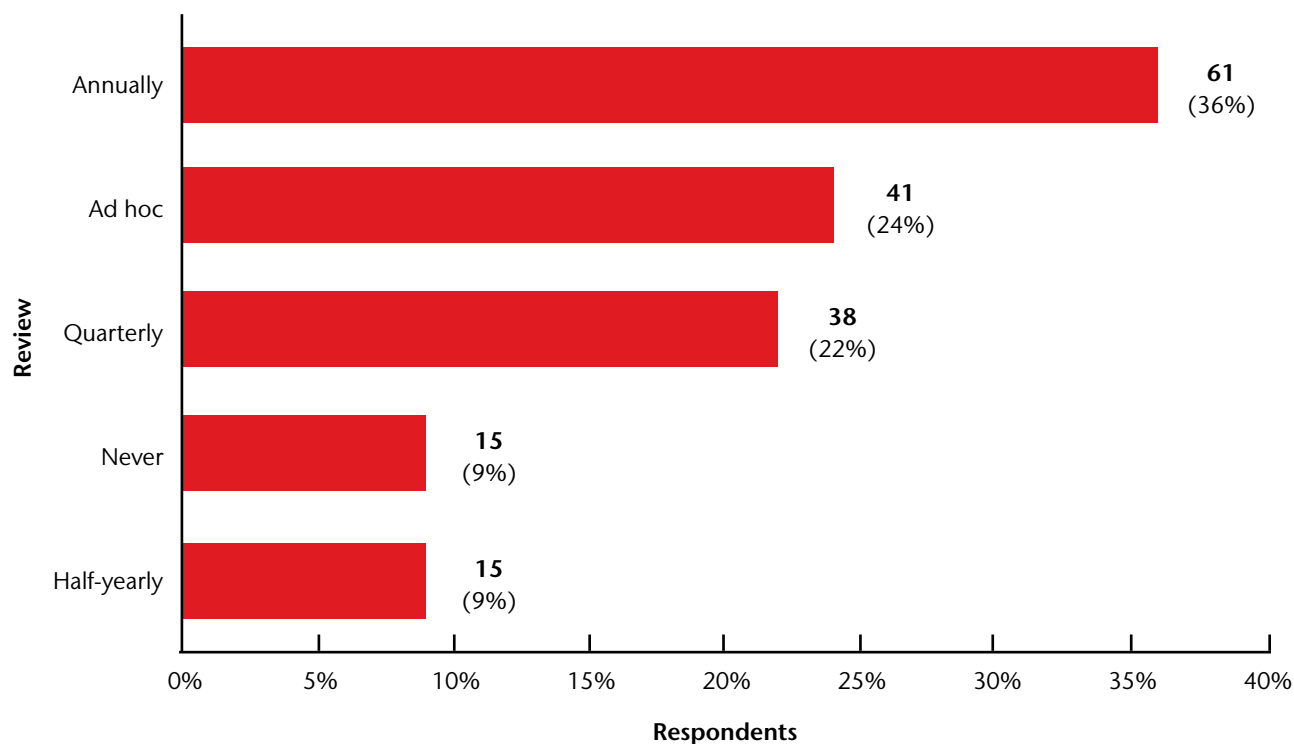
Question 72

Rank, in order, the factors most likely to lead you to consider changing your pension provider?



Question 73

How often do you review the investment performance of your default option?

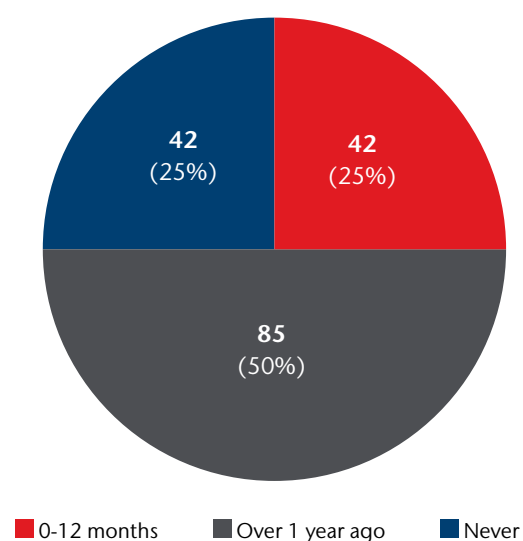


It is great to see 91% undertaking some form of review of the default investment option; monitoring and evaluation against a benchmark is critical whilst ensuring it offers a decumulation path likely to mirror an employee's retirement plans. More firms are now reviewing the investment performance of their default option annually (36% in 2020 vs. 29% in 2019) with a drop in the percentage of firms not reviewing the performance at all (9% in 2020 vs 19% in 2019).

For the 25% who have never changed their default investment option they run the risk of providing employees with an underwhelming pension scheme not delivering the potential retirement outcome. This is because scheme members could end up with investments targeting inappropriate investment end points and returns. Good quality governance should highlight the potential risks of inappropriate default fund strategies, which could also have an associated negative impact on attraction and retention of quality staff.

Question 74

When was the last time you changed your default investment option or any of the funds in it?



Financial education

Key findings and insight

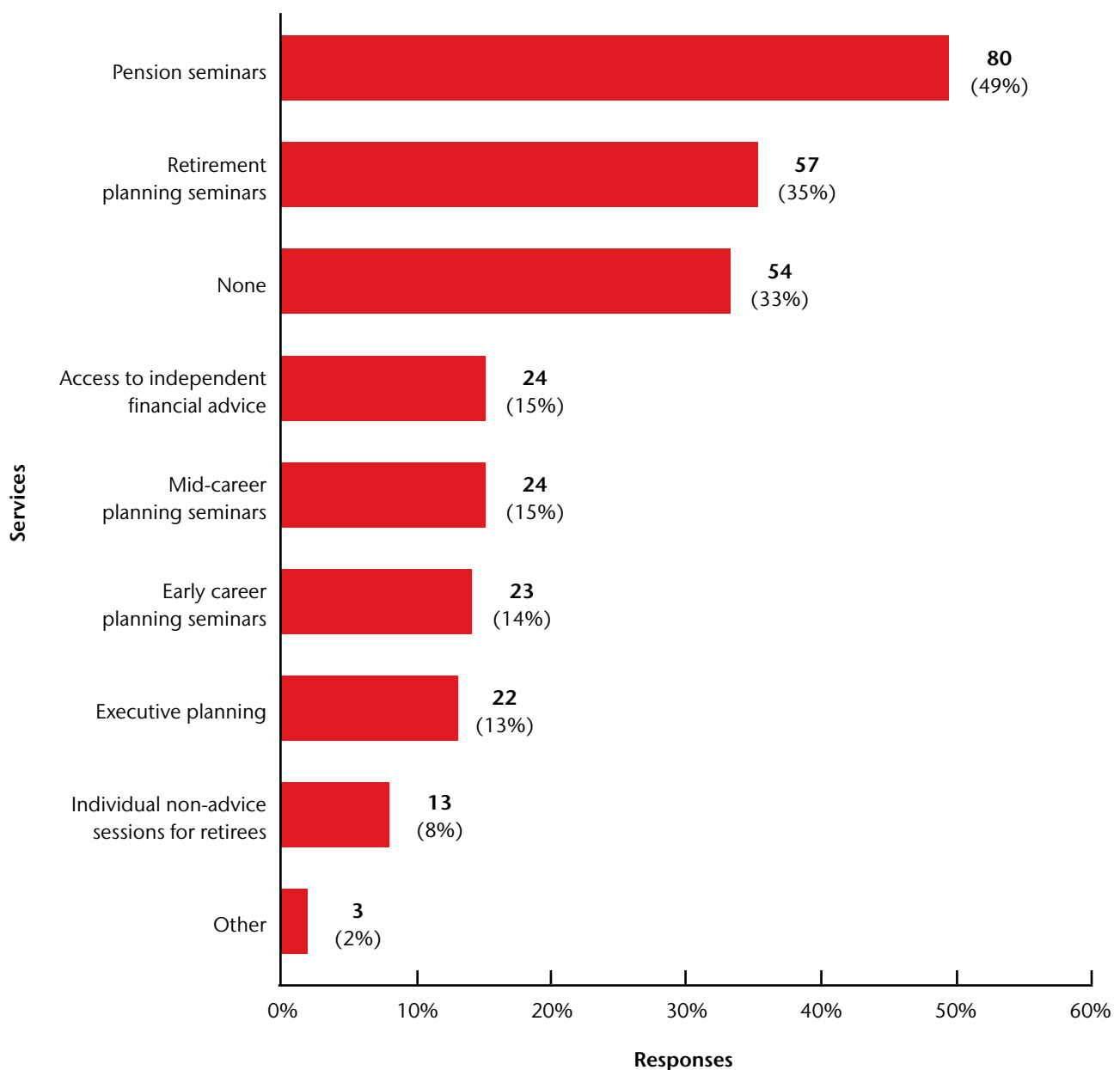
Once again we see two ends of the spectrum in the results relating to financial education services offered to employees – financial education focussed around pension / retirement planning seminars or companies doing nothing.

The results highlight that one in three employers offer no financial education to employees. With financial worry one of the major reasons for stress in the workplace*, financial education might potentially reduce absence, improve presenteeism and increase productivity.

With the Financial Conduct Authority stressing the importance of understanding the ‘employee journey’, it naturally fits that communications and technology should expand beyond pensions to educate people about wider financial matters, such as debt management and saving for a property, as well as specific pension issues, such as lifetime allowance or tapered annual allowance for high earners.

Question 75

What financial education services do you offer employees?



Contribution levels

Key findings and insight

As the auto-enrolment contribution rose in April 2019, it is unsurprising to see 5% as the most common core level of pension contribution - correlating to the minimum legislative requirements. Interestingly, 31% of companies pay less than 5% leading us to conclude employers are forcing the additional contribution requirements for automatic enrolment legislation upon the employee. This is most likely to be driven by market sector and competitor benchmarking.

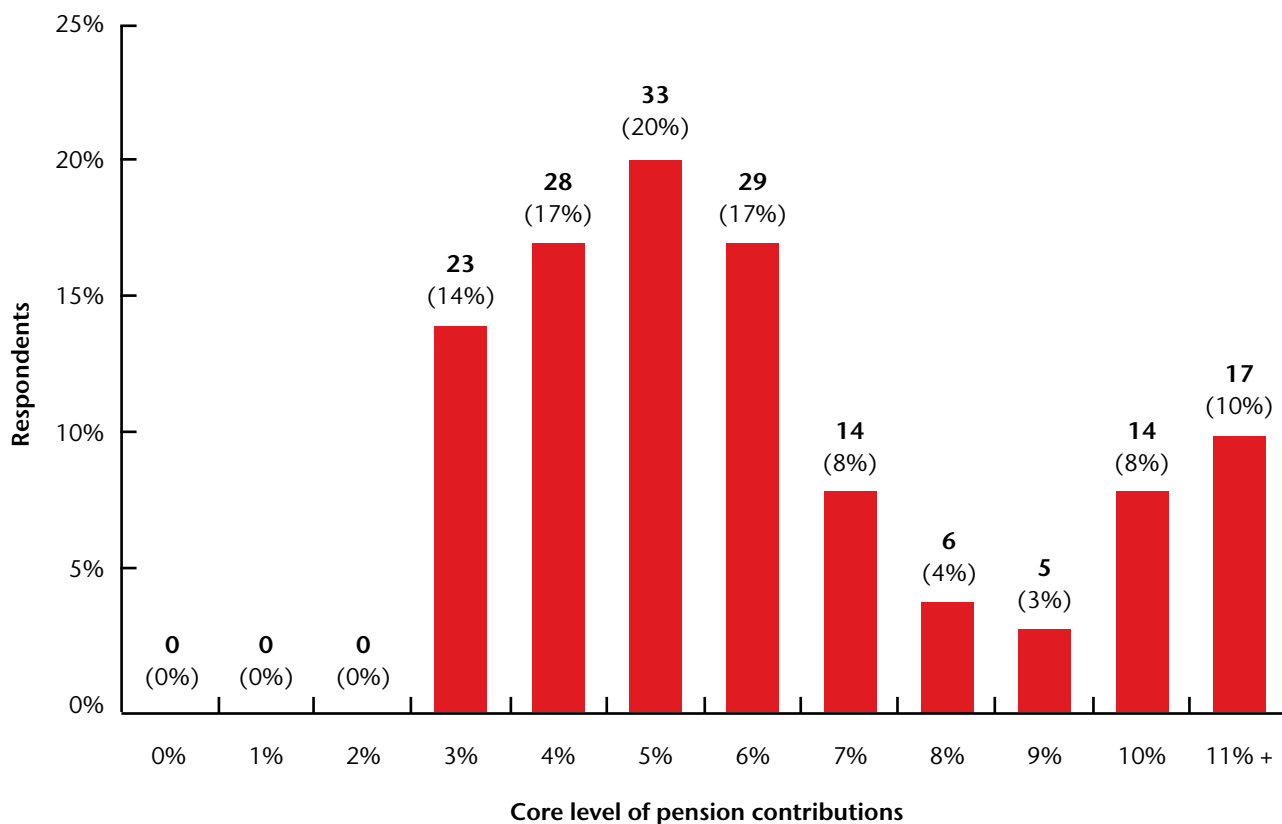
In terms of the maximum level of additional matching contributions companies pay, there is a wide variation. Whilst 15% of companies do not match, 35% of companies will match at least 10% with 17% of companies matching 11% or more.

This demonstrates the diverse contribution structures that exist across the UK based on corporate preferences, market alignment and historical pension provisions.

It is good to see 74% of companies have consistent contribution structures irrespective of seniority. The reality is that all employees need to fund pensions at a reasonable percentage in order to replace income in retirement. However, with 5% the most common contribution structure used by employers, people are likely to be under-saving to provide sufficient retirement income.

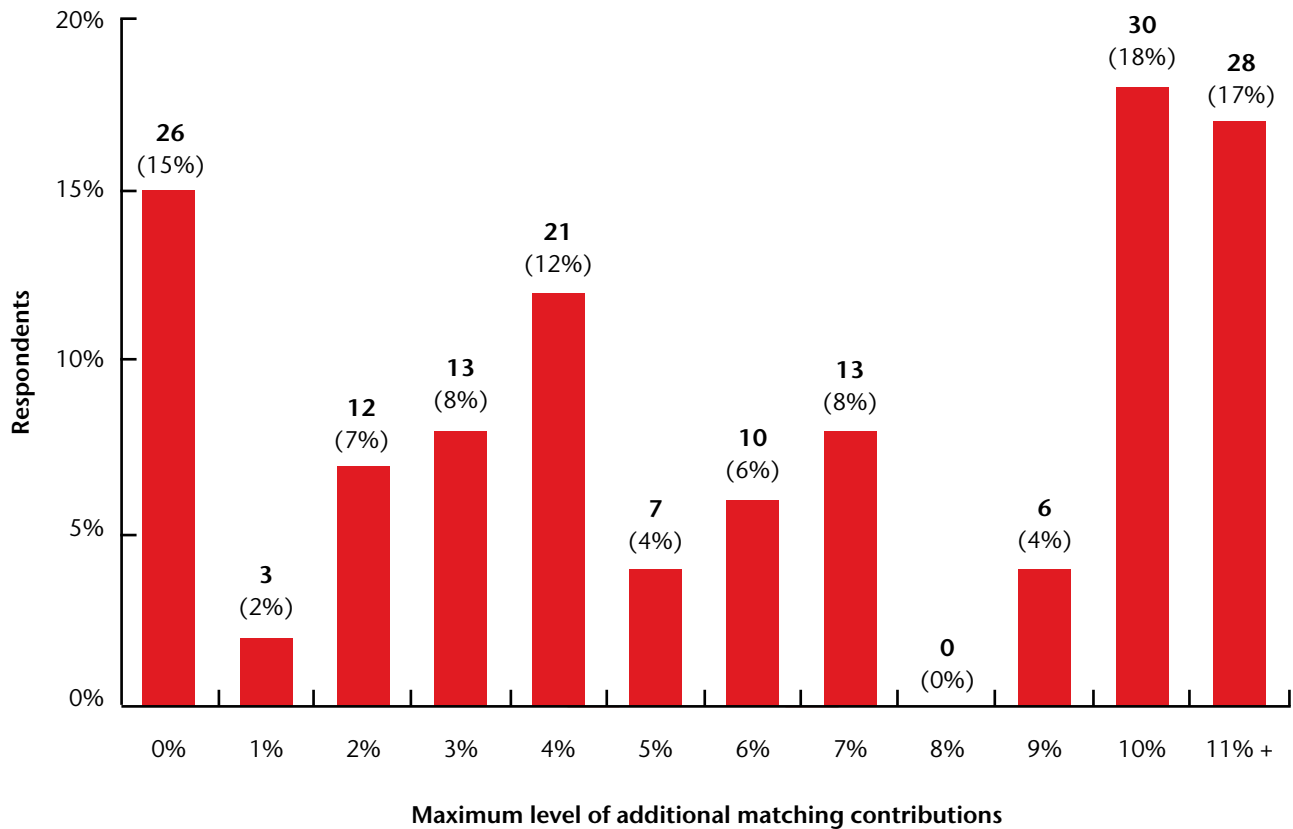
Question 76

What is the core level of pension contributions the company pays to the majority of employees (i.e. before any matching)?



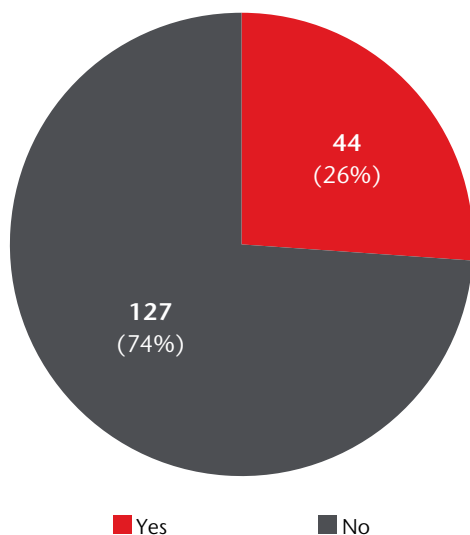
Question 77

What is the maximum level of additional matching contributions the company pays?



Question 78

Do you provide higher levels of contributions based on seniority?



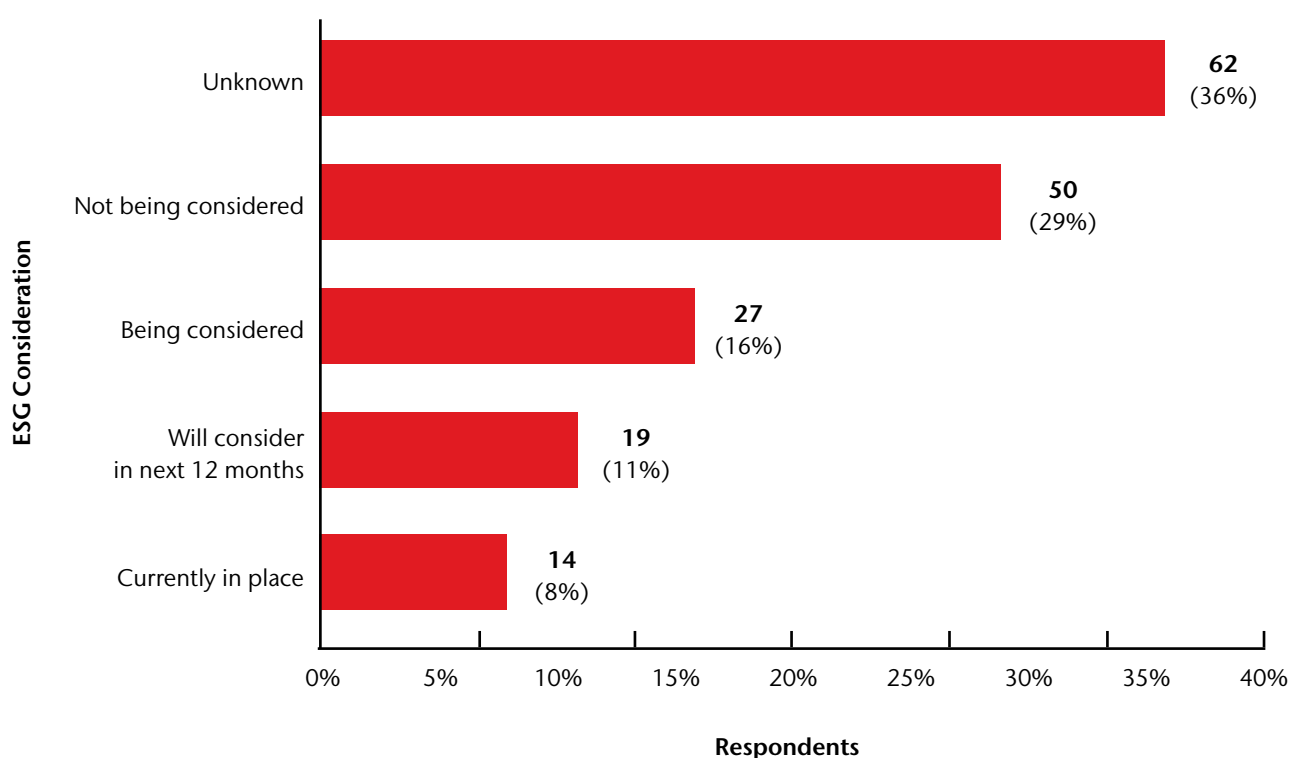
Environmental, Social and Governance (ESG) fund options

Key findings and insight

It is great to find 35% of respondents are actively engaged in ESG considerations and it's likely these numbers will increase in the short term as the pension market proactively embraces ESG principles into everyday investment principles.

Question 79

What consideration have you given to Environmental, Social and Governance (ESG) in the design of your pension scheme default fund or alternative fund options?



Closing thoughts

Benefit strategy and design

There is little doubt that employers are now thinking about benefits in the context of their overall Employee Value Proposition and are getting better at communicating with their employees. But progress seems to be slow and, according to our last two surveys, there is a clear opportunity for many firms to move from “average” to “great” in terms of meeting their objectives.

That can be easier said than done when the goalposts keep moving. Businesses are changing rapidly, meaning that their employee demographics are also changing. People are becoming more savvy and choosy about the type of organisation that they want to work for, especially in a near full-employment economy. Employee expectations are therefore much higher. Within a few generations we have moved from a “job for life” mentality to “fulfil my needs and make my life easier”. At the same time, employers need to make sure that their people are working optimally; so they need to be present, focussed and productive. The benefits package, wider EVP and supporting communications ultimately need to be focussed on that objective.

Thinking about employees as customers is a handy way to think more strategically about the role of benefits. If you don't truly understand who your employees are (as real people), what motivates them and how they prefer to be communicated with to help them make informed choices, then the benefits and communication strategies are likely to be a bit of a scattergun approach.

And then there's measurement: how do we know if we're successful? We now have more data and insight available than ever, but often it is not used effectively to help shape and measure strategy.

The use of technology in managing and delivering benefits continues to gather pace, especially with the use of different media (such as videos) as well as the introduction of apps to give employees a more consumer-grade experience.

One specific trend to pull out is that of parental leave and pay. Many organisations have reviewed their maternity pay policies to significantly improve the level and duration of pay, with the overall market seeming to be settling around 90-100% of pay for six months. In addition, more and more employers are starting to align paternity leave and pay with their maternity pay – as a standalone right rather than on a shared basis.

Health & Wellbeing

With so much corporate focus on the wellbeing agenda this year's survey highlights some signs of real progress, and the continued desire of employers to take action. However, the results also provide plenty of insight into the challenges that still face employers no matter how good their intentions, and also emphasises the need for strategies to continue to evolve. The state of health of a modern workforce is dynamic, not static. The most robust wellbeing strategies will have frameworks in place that enable employers to continually test the effectiveness of the existing approach and gives clear guidance as to where focus should be next.

The good

On the most fundamental level, we have seen a significant rise in the number of employers declaring to have emotional, physical and financial wellbeing strategies in place. The increase in financial and emotional wellbeing programme since our 2017 UK health survey are particularly noteworthy.

Our 2019 Benefits & Trends survey carried commentary around the employer paradox. This acknowledged that whilst employers recognise that effective measures around prevention and early intervention will improve employee health, they remained largely unable to shift funding or find new funding and instead found their benefits spend largely focussing on treatment, often at a considerable cost both financial and human.

At least in some places this year's results suggest that the tide is turning. Employers are starting to invest more in initiatives focusing on education and prevention, looking to influence and change the behaviours that can drive long term illness; intention for the year ahead certainly focuses on these themes.

But a few words of caution

With tremendous progress made on financial and emotional wellbeing, it is easy to overlook some of the insights our survey drives on physical health - historically the most established pillar of a wellbeing strategy. However, this year growth has been less significant. When we look at data from other questions we note that the specific initiatives adopted by employers focussing on physical health have fallen behind those focussing on mental health and financial wellbeing. Investment in helping employees with the early detection of ill-health has also improved little.

The scale of the impact of mental health has been well documented and the shift in employer attitudes to acknowledging and addressing the issue is commendable and should not be allowed to decelerate. However, equally we should not allow action relating to physical health to fall behind. The impact of conditions such as cancer, diabetes and heart disease can be devastating for employees and their families, and presents a significant risk both financial and operationally for employers. Education and action addressing the key drivers of these conditions should be high on all employers list of priorities for 2020.

And some things that seem not to change...

Our 2019 EMEA Health survey found that 95% of employers recognised the direct impact that employee health has on performance. This year's UK Benefits and Trends survey shows that seven in 10 employers agree or strongly agree that they are responsible for influencing employee health. Given these overwhelmingly responses, it must remain the source of considerable frustration that only just over a third of employers currently have a designated budget in place for wellbeing. In the absence of corporate windfalls or new legislation mandating action, the emphasis will fall on employers and their advisors to dedicate themselves to making existing spend work harder, building strong business cases for future investment or being more creative and innovative about how funding can be sourced.

Knowledge, understanding and influence over markets should be a key differentiator here. Providers in the mainstream health and risk markets continue to stockpile an impressive arsenal of value add services focussing on all stages of wellbeing but most remain locked in a battle that focusses exclusively on price, with the value of their extended proposition often going unrecognised. Our survey shows that employer attitudes reflect this, with less than a third of employers recognising the value of such services and seeing them as a key part of their strategy. The remainder would either like to know more, do not see the value or are not even aware such services are available.

However, one final observation would be that whilst budget specifically earmarked for wellbeing services remains hard to come by, employers will continue to spend money across a wide range of other associated insurance lines. The opportunity to leverage this spend with a co-ordinated approach to find ways to create additional financing for wellbeing and people risk activities should not be ignored.

Engagement and communication

Engagement always appears to be one of the key areas companies are seeking to improve. The good news is, there seems to be more focus on engagement each year on year, with increased budget, improved internal resource and more multi-channel approaches. However, there is still more that can be done to ensure an engaging experience for employees.

Strategic focus is needed to improve

Each year the results show nearly all companies want to improve engagement. However, there is a gap with most not having a strategy plan and not conducting employee research, but this has been gradually improving over the last three years. Being tactical, gathering data and planning a strategy can help companies to measure their improved engagement and get a better return on their efforts. Strategy can also help to ensure focus on the right spend and to be smarter with the limited budgets some firms have.

The value of the communications investment

The increase in the number of firms investing in engagement is good to see. Companies need to consider carefully the balance between benefit spend and communication to ensure their benefits really hit the mark, are communicated well and therefore resonate with employees to drive more than just take-up rates. For total reward there is an increasing need to improve appreciation and understanding - which is difficult to measure but a growing importance to firms.

A marketing approach is taking off

A key trend this year shows more marketing-led approaches to communication - working more closely with advisers. We have seen more firms introducing branding, being more creative with internal marketing channels and using technology to personalise messaging for the employee. The increase in the use of more digital communication channels reflects improvements to a modern employee experience and omni-channel world we now live in. Nevertheless, there is some way to go for the majority. It seems there is a clear appetite for learning more on what could be done and exploring innovative communication ideas, but there is still a resistance to implementing something different, targeted and engaging.

Workplace pensions

Overall the results indicate that pension strategy for most organisations has “evolved” due to legislative requirements, market conditions and budget constraints, rather than due to clear objective-based strategy being implemented to create a clear plan for the benefit of the employees. The responses to the survey questions seem to indicate evolution rather than revolution with regards to workplace pensions with the greatest matter of concern the consistent number of “don’t know” responses.

The prevalence of Group Personal Pensions (GPP), how employers operate formal governance, the regularity of reviewing pension scheme providers including default funds as well as engagement mechanisms has not materially changed over the last two to three years. However, consistency in areas, such as communication and engagement, does mean that employers are not changing their methodology to mirror likely employee preferences or the changing demographics.

Effective communication is a key principle of workplace pension governance with the market supplying a diverse range of education and engagement tools which employers can utilise. Taking a step back and strategically reviewing pension services against the likely demands of the workforce could pay dividends in driving engagement and meeting wider people objectives.

Following the automatic enrolment legislative increases in contributions, it seems companies have taken this as an opportunity to look to harmonise existing structures, align contributions to competitors, market practice and/or ensure people have the best chance of retiring comfortably. Ensuring employees have sufficient pensions pots to retire comfortably will also help make way for career progression by enabling new talent to join or employees to progress their career as older employees retire.

Final thought

Taking into account all the findings from this report, it will be exciting to see how the benefits world will evolve further and employers respond in order to successfully meet their business objectives in attracting, retaining and engaging the best talent for their firm in the coming months and years to come.



Contact:

letstalkbenefits@aon.co.uk
0344 573 0033
aon.co.uk/employeebenefits

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The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN.
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