



Teachers Financial Planning

Group protection

This guide looks at the different types of group protection that a business may wish to consider.

As a business owner you will know that your employees are your most valuable asset. However, holding onto your top performing staff can be difficult, particularly in a competitive market. One way to encourage loyalty and retain employees is to offer an attractive employee benefits package.

Group protection is a popular employee benefit that allows you to offer certain types of insurance to all of your staff on one policy. Doing so saves your employees money and can be an affordable benefit for your business too.

Types

There are a variety of group protection options to consider, including:

Life insurance

Group life insurance is set up as a single scheme that covers a group of your employees and is sometimes referred to as death in service cover. You will have full control over the level of cover you offer to your employees, including whether you offer a lump sum for dependents or children. The amount of cover can also vary depending on the level of staff and is typically

three or four times an individual's salary.

Offering life insurance to your employees can provide reassurance that their loved ones will be taken care of. This, like other types of employer benefit, can act as an incentive to hire and retain your staff.

Income protection

Income protection policies provide replacement income if an employee is absent from work due to long-term illness or injury.

There are different types of group income protection available depending on the level of cover you plan to offer. Many will also offer intervention, rehabilitation and support in order to get your employees back to work as soon as possible.

Critical illness cover

Critical illness insurance provides a fixed tax-free lump sum payment to employees who have been diagnosed with a condition defined by the insurance policy as a critical illness. The conditions of policies vary and will be subject to a survival period but most will

cover illnesses and conditions such as cancer, heart attacks and strokes.

Private medical insurance

Most health insurance providers will offer group health insurance to cover your employees. The level of cover that you offer can vary depending on your needs. The cost will depend on factors such as the age of your employees as well as how comprehensive the cover is.

This is a provision that can offer the peace of mind that if illness occurs, your employees receive fast, expert diagnosis, treatment and care to get them back to health and back to work as soon as possible.

Benefits

It's not just employees that benefit from group protection, businesses can reap the rewards too. For example:

Increased productivity

Employees are more likely to show



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loyalty to their employer if they feel well looked after at work.

Improved staff health and wellbeing

This is particularly true of health insurance and income protection cover. By ensuring your staff receive swift rehabilitation or medical treatment you are supporting their health and reducing their time away from the office.

Value for money

Group protection policies often work out much cheaper than a cash salary increase or bonus. They are also usually cheaper than offering individual cover and can be tailored to suit your business needs and budget.

Improved recruitment and retention

A good benefits package can be the difference between hiring an outstanding candidate or losing them. They can also encourage existing employees to stay, reducing disruption and expensive hiring costs.

Strategy

It is important to have a strategy behind your group protection offering. Without one you could be wasting money. Elements to bear in mind when building your strategy or aligning it with your wider business strategy include:

Prioritising

Decide what type of cover is best suited to your employees and your business strategy. For example, is income protection, which often offers early intervention and rehabilitation benefits, more valuable than life insurance?

Terms

It is important to weigh up the options when it comes to the terms of group benefits. You may choose income protection that pays out for a limited period instead of until retirement to keep costs down.

Flexibility

You may also decide to make some protection flexible or voluntary, whereby staff have the opportunity to purchase them at a discounted rate.

Key considerations

Before implementing any employee benefits the following should be considered:

- How does it support the business goals?
- Would the benefit be valued by employees?
- How will it be launched?
- How will its success be monitored?

Getting a good deal

There are several providers of group protection in the market, so it is important to make sure you get a good deal for your business and employees.

Assess full features

Packages vary from provider to provider so make sure that you fully consider what you and your employees will receive. Is rehabilitation included in your income protection policy, for example? What about stress management counselling?

Tier benefits

Grouping benefits into tiers can help you save money and most providers will work with you to achieve a balance that suits your needs.

Close gaps in coverage and liability

It is important to make sure that you are aware of any gaps in the insurance provider's coverage or liability.

Communication is key

It is all very well offering employee benefit packages, but if your employees don't know about them or how they work are they really that beneficial? Make sure you have a strategy for communicating the details of your group protection benefits on an ongoing basis.

Professional advice

A professional adviser will be able to work with your business to develop a group protection strategy that meets both your and your employees' needs. Whether you are looking for a new provider or starting from scratch, contact us to find out how we can help.

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