first actuarial

Voices 2025



Introduction

Among First Actuarial's achievements in 2025, we've opened our seventh UK office, in Birmingham, and we now employ more than 500 people. But we remain faithful to our client-first ethos as we continue to grow. 100% of employers and trustees who completed our latest survey are happy to recommend First Actuarial. In this magazine, some of our people share their insights into topical areas of the pensions and employee benefits universe. The content reflects the emphasis we place on member and employee experiences. I hope you enjoy reading Voices 2025.



First Actuarial has expanded its business into employee benefits. I see pensions and other benefits such as life assurance as twin facets of the long-term financial protections that responsible employers provide. Suzie Nedza outlines some of the surprising add-on services that can help employers get more value from their employee benefit spend.

But although pensions are a longstanding benefit, they're not without problems. Pensions adequacy is currently a talking point well beyond the industry. Jon Bird discusses the UK's auto-enrolment contribution rate and considers how employers can support their employees.

Although there's always room for improvement, there's no doubt in my mind that the member experience is getting better.

Members can now expect to receive timely information from their schemes in a range of formats – from webinars to one-to-one sessions. First Actuarial is harnessing the latest technologies to include personalised videos with retirement packs, for example. And the dashboards promise to give people a more complete picture of their pension income very soon, as Claire Fuller reminds us.

Zöe Sadler makes the point that clear and engaging communications are just as important during risk transfer exercises. Buy-out is only seen by members as a secure option if they feel informed throughout the process.

Is scheme run-on a better option than buy-out for members? In many cases yes. Run-on may mean discretionary increases for members from schemes in surplus, as Vicky Greenwood explains. Surplus refunds may even generate improved benefits for everyone. No scheme should dismiss run-on without careful consideration.

Kim Gubler, President of PASA, correctly argues that nobody gets up in the morning determined to do a bad job, but that circumstances can conspire against them. Our frontline teams are struggling under the weight of regulatory requirements, amid surging levels of member enquiries. In our constant efforts to improve data, we need to keep sight of what the industry has already achieved, namely a sufficiently accurate pension income for millions of members.

We need to nurture our skilled and dedicated administration teams. Now that many schemes are in surplus, we should surely let them get on with the work they're trained to do – paying pensioners and caring for members. Let's take a moment to thank them for the sterling work they do in an industry that is close to being stretched beyond capacity.



David Joy
Managing Partner



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Pensions dashboards have landed

It's now ten years since the Financial Conduct Authority recommended the creation of a pensions dashboard as part of its retirement income market study. **Claire Fuller, Head of Pensions Administration Systems,** celebrates the progress the industry has made on pensions dashboards up to the time of writing, and highlights some of the remaining challenges.



Claire Fuller
Head of Pensions Administration Systems

Back in 2016, George Osborne, as Chancellor of the Exchequer, was the first politician to pledge government support for a pensions dashboard, promising a *working prototype* by March 2017. Almost a decade later – despite all the naysayers who said we'd never get them off the ground – the first schemes are connecting.

Before we break open the champagne, let's acknowledge that the Pensions Dashboards Programme (PDP) is both long and complex. There remain significant challenges ahead for all schemes in scope.

Connection deadlines

Each scheme has been given a connect-by date – determined by its number of *relevant members* (i.e. non-pensioners). The largest schemes have the earliest connect-by dates, and the final connect-by date is 31 October 2026.

There's a firm regulatory expectation that schemes will comply with their connect-by date. Trustees can request a delay from the PDP, but there's no guarantee that they'll be able to move their connect-by date.

Each scheme will be given a registration key ahead of its connect-by date. This key will remain live throughout its month of connection. Each scheme will need to agree an actual date to load its data on to the dashboard infrastructure.

That final connection date of 31 October 2026 limits possible changes to the connection schedule. A further constraint, one that's easily overlooked, is that if a significant number of schemes attempt to defer their connection as that final date approaches, they'll create a bottleneck. As a result, the industry may not be able meet the demand for resourcing at that critical point.

Data challenges

Once the pensions dashboards are live, an individual will enter their own personal details. A dashboard will use those details to match the individual's pension(s) with the right scheme(s).

This scenario brings data challenges for schemes, which firstly need to decide which matching data to use. First Actuarial is following the recommendation of the Pensions Administration Standards Association (PASA), which is to use surname, National Insurance number and date of birth.

However, trustees need to make their own decision on this – other matching data items may be more appropriate for their scheme. They should be aware that alternative approaches may require software changes that increase costs.

Trustees will also need to be confident that their data meets the standards required by the dashboards. Even for schemes that have been evaluating their data through the common or scheme-specific data approach, the new dashboard requirements for *find* and *view data* bring fresh challenges. For example, a member's initial sufficed in the past, but pensions dashboards will require a forename.

Cost uncertainties

How much will all this work cost trustees? It's been difficult for providers to establish a firm pricing structure, as the work involved is new to the industry and it's unclear how much time and effort is required. As the PDP continues, we expect pricing to become clearer.

What is clear is that the work involved is considerable. Trustees and sponsors should budget for significant project costs and ongoing operational cost increases.

Risk transfer

Unless a scheme is fully bought-out by 31 October 2026 – and the insurer has taken responsibility for the pensions dashboards – trustees remain responsible for meeting their dashboards obligations. There's no room for manoeuvre on the final connect-by date.

Moving targets

We expect the PDP and The Pensions Regulator (TPR) to make ongoing changes as the Programme progresses, based on experience gained. One such change is that due to teething problems, TPR is relaxing the regulations for larger schemes during the first few months of connections, by providing a three-month window for the registration keys.

Schemes and providers need to be flexible in their approach to the dashboards.



How has First Actuarial prepared for dashboards?

We're a key part of the dashboards conversation.
We've played a significant role in industry-wide discussions and working parties, and our specialists have made active contributions to the PDP and with TPR.

Our integrated service provider (ISP) is in place.
We've appointed Bravura as ISP for our clients. This was an informed choice, based on our market knowledge. You may have seen a speaker from Bravura at First Actuarial's 2024 Annual Conference.

We have prioritised data preparation.
Our systems teams have developed reporting tools to assess the presence and accuracy of member *find* and *view data*. And as part of our annual data overhaul, we've carried out address and mortality checks for all our clients. This makes it easier for trustee boards to plan other preparatory work ahead of their connect-by date.

We've put some helpful resources in place.
We've developed a suite of documents, including a trustee checklist, project plan and training materials. These are designed to help trustees understand their duties and the work we will carry out to help them on their dashboards journey.

Key takeaways

1. **Schemes in scope must connect to the pensions dashboards by their designated connect-by date.**
2. **Trustees will need to carry out significant work on their scheme data prior to connection.**
3. **The work involved is considerable. Trustees and sponsors should budget for significant project costs and ongoing operational cost increases.**

Find out more

First Actuarial has a team of pensions dashboards experts who are happy to help schemes on their connection journey. There's a lot of information to take in and a great deal of work to do. That's why trustees need to make sure they have relevant and timely discussions with their consultants, get the training needed, and keep up to date on developments across the Pensions Dashboards Programme. We're here to help.

Pension Dashboard FAQs ►

Scheme run-on – What's the status quo and what changes are on the horizon?

Surplus in a Defined Benefit (DB) scheme is a valuable resource. **Vicky Greenwood, Actuary and run-on specialist,** looks at the changes underway that may make it easier for schemes to set run-on as their long-term objective.



Vicky Greenwood
Actuary



For the 75% of schemes in surplus on a low-dependency basis, end-game discussions have evolved to consider how best to use these hard-won gains.

Some will opt for the *gold standard* security of an insurer buy-out despite the price tag, which includes insurer profit. But other trustees and sponsors are exploring the potential benefits of sharing this surplus with stakeholders.

This is where scheme run-on comes in.

Run-on is a framework that allows economic value to grow and be retained in a pension scheme. Where value can be shared, it is done so proportionately and appropriately, without jeopardising the long-term security of accrued member benefits.

Sharing value is the key driver for run-on. But how does this work in the current regulatory landscape? And what would be the impact of any changes resulting from the Government's aspiration that *the assets held in UK pension schemes can work harder for scheme members, provide a secure retirement and support the growth of the wider economy*?

Consultation on options for Defined Benefit schemes

At the time of writing, we're eagerly awaiting the response to the *Options for Defined Benefit schemes* consultation of early 2024. This sought industry opinions on proposed reforms to DB policy to allow more flexibilities for sponsors and trustees.

These flexibilities are intended to support wider economic initiatives while protecting members' benefits. The flexibilities would incentivise run-on and make it easier to extract scheme surplus.

The Government is effectively offering a quid pro quo. If schemes help the national economy by investing productively, they will gain the flexibility to pass on their surplus for the benefit of members and/or sponsors rather than hand it over to insurers.

Sharing surplus with members

Under the current regime, sharing a surplus with members is a well-trodden path. Schemes can apply discretionary pension increases or pension augmentations. Improved commutation, early retirement and transfer-out terms are also easy to implement.

But would trustees and sponsors be more willing to share surplus with members if this could be achieved with (less risky) one-off lump sum payments that no longer fell foul of tax rules?

The Government seems to think so, and has suggested a change in tax rules to permit one-off lump sum augmentations to members. This would be welcome news to pensioners struggling with increased living costs.

But benefits to members don't have to be directly financial. Surplus could also be used to provide financial wellbeing support, such as access to an independent financial adviser or at-retirement guidance sessions.

Sharing surplus with sponsors

Turning to sponsors, surplus can be shared in a small number of ways.

To encourage sponsors to consider run-on, the Government's first step was to reduce the tax on releasing surplus back to sponsors from 35% to 25% in 2024. However, for ongoing schemes, it remains hard to justify a return of surplus to the sponsor as being in the best interests of all beneficiaries.

There is also a *scheme rule lottery* at play. Scheme rules, which may have been drafted decades ago, have an arbitrary effect on whether trustees can share surplus with sponsors in the present day. That's why such refunds mostly happen after a scheme buy-out.

The Government intends to address this with a statutory override of restrictive scheme rules, allowing sponsors and trustees to agree on surplus sharing even where scheme rules don't permit it.

Other options are available to unlock value from surplus. If a scheme remains open (or re-opens) to the future accrual of benefits, surplus can be used to fund these benefits. Similarly, with a Defined Contribution section under the same trust – either existing or newly established for the purpose of run-on – contributions can be funded or enhanced. Both provide pension savings for members while freeing up sponsor cashflow.

Finally, some trustees, with support from the sponsor, are retaining investment risk to generate surplus, which they will then use to support funding in other (less well-funded) schemes by merging them on an (initially) sectionalised basis. This improves sponsor cashflow while increasing security in the less well-funded scheme.

On the agenda

Although run-on isn't new – in many ways it's simply *operating a scheme as intended when it was established* – funding improvements in recent years put it back on the agenda.

Some early movers are actively considering it. And other schemes should see run-on as the obvious choice when setting their long-term objective under the new funding code, as it offers flexibility into the longer term.

When underpinned by robust safeguards, the potential advantages of run-on are clear – improved retirement outcomes for members and more flexible resources for sponsors. Both scenarios could support the growth boost that the UK economy desperately needs, for the benefit of all of us.

Further Reading

Estimated DB scheme universe funding splits and assets under management. The Pensions Regulator, January 2025.

Options for Defined Benefit schemes: Public consultation. Department for Work and Pensions, March 2024.

When underpinned by robust safeguards, the potential advantages of run-on are clear – improved retirement outcomes for members and more flexible resources for sponsors.



Key takeaways

1. **Run-on allows economic value to grow and be retained in a scheme. It can then be shared between sponsors and members.**
2. **Further reforms may incentivise run-on and make it easier to both extract and share a surplus.**
3. **Schemes may wish to consider run-on when setting their long-term objective under the new funding code.**

Find out more

First Actuarial can help you explore what run-on would look like for your scheme, your members and the sponsor, and support you in the design of a robust run-on framework.

Defined Benefit Services ►

Meet Kim Gubler, President of PASA

Kim Gubler was a Founding Director of the Pensions Administration Standards Association (PASA). She was Chair until March 2025 and is now President. Her professional background – which includes scheme strategy, administration and investment – gives her a firm grasp of administration and the priorities and challenges trustee boards need to meet.



Kim Gubler
President of PASA

How were the early days at PASA?

PASA's aim has always been to deliver better outcomes for pension savers with efficient delivery of high-quality benefits.

Back in 2011, the quality of administration services was patchy, and the status of administrators didn't quite align with their skills and commitment. Over time, we've empowered administrators with flexible best practices and standards, which can be delivered by an administrator or team of any size. We've also created an accreditation framework.

Today, people follow PASA guidance and consult us on hot topics. We continue to push the bar upwards, and we play a central role in industry-wide initiatives like the pensions dashboards.

The early days were tough, but we never took no for an answer. We worked through real challenges while instilling confidence and becoming a voice the industry listens to.

Has that visibility strengthened relationships between administrators and trustees?

It's an inconsistent picture. In some schemes, administration is high up on every trustee meeting agenda. There may even be an administration subcommittee. But in other schemes, there's insufficient focus.

Last year, PASA ran several round tables with independent trustees and administrators, to foster mutual understanding. We're building on that.

And how about relationships with regulators?

PASA enjoys a constructive and collaborative relationship with The Pensions Regulator [TPR]. We work hard to make sure TPR understands the challenges the profession faces, and we've been rewarded with increased regulatory focus on administration.

Most of our working groups include an observer from TPR. We've made a particular effort to bring TPR into the dashboards working group as trustees will be accountable for complying with the regulations – and administrators will be largely responsible for the execution of this compliance.

Everything we all do is for members, isn't it? How can we improve the member experience?

If you listen to administrators on calls with scheme members, you can hear how much they care.

Giving people a good experience takes empathy and a sense of responsibility. We're the caretakers of people's retirement futures, and that calls for both secure funding and a high-quality experience.

Administration services may not always meet expectations, but nobody gets up in the morning and says, "I want to do a really bad job today." Instead, people are often constrained by poor processes, legacy systems and other factors.

In the pensions industry, we've historically created processes to make work efficient for us. We've back-

loaded scheme members into those processes rather than putting their needs first. But with technology, we can now design member-centred processes.

How do you think technology can improve the member experience?

What technology can provide is hyper-personalisation – giving scheme members what they want, when they want it. With technology and the right data, we can align communications with individual preferences – using online messaging rather than snail mail, for example – so information lands well.

With the right tools, administrators can deliver better outcomes for savers. And they'll get the job satisfaction that comes from making a positive difference.

How should trustees monitor the member experience?

Service level agreements are over-simplistic. We need to monitor the end-to-end saver experience. Key performance indicators should be scheme-specific. With a member portal, for example, trustees should monitor usage statistics to make sure it delivers value.

Pensions dashboards are set to hold a mirror up to the real saver's experience. The clarity will be there for those who dare to look. Simplistic metrics won't help.

How dashboards-ready is the pensions industry?

I believe we can meet the final connection date in October 2026. The larger schemes are already dashboards-ready – and they've done a huge amount of work to get there.

Not every smaller scheme is fully prepared though. They may be ready to connect, but without data preparation, they'll be unable to calculate estimated retirement incomes [ERI] correctly, if at all. Unless they up their game, their administration fees will increase disproportionately, due to the three- and ten-day rules for ERIs.

Is there still a skills shortage?

Yes. Everything trustees, and insurers in the buy-out space, want to deliver depends on skilled administrators. In the past, we simply poached from other firms. But there's no longer enough experienced people to go round. We need to recruit new talent and develop their career paths.

I find it incredible that we're still talking about training in the traditional sense. There are some real pockets of innovation where they're developing talent internally, but they're not widespread and they're not enough. We've seen successful knowledge development programmes, which were delivering intensive and effective training, rolled back in some organisations due to cost pressures. It's not good enough.

What are the other key challenges for administrators today?

We're at a pivotal moment in the development of technology and AI, and we must improve cyber security. The pensions industry has been insulated against cyber crime through its own lack of connectivity, but today's filing cabinets are in the cloud. We need to up our game.

The challenge is to *keep up with innovation and put robust protection in place*, all while staying on top of day-to-day work.

If you had your career over again, would you choose pensions?

I love this sector and the difference it makes to real people. With auto-enrolment, millions are saving for retirement for the first time. The small pots initiative is set to reunite people with their proportion of £30bn. And dashboards will help them find even more of their pensions.

We help people have a better future. That's what we do.



Communicating with scheme members throughout risk transfer exercises

In the midst of a hectic scheme buy-out, trustees can lose sight of the member perspective. But without an effective communications strategy, members may fear that their pensions are under threat. **Zoë Sadler, Actuary and member of First Actuarial's financial wellbeing team,** provides a member communication checklist for risk transfer exercises.



Zoë Sadler
Actuary

Scarcely a week goes by without at least one buy-out story in the pensions press. We hear so much about new solutions designed to manage the ongoing financial risk for trustees and sponsors of Defined Benefit (DB) schemes. It can be hard to keep up with all the risk transfer options available. But where is the scheme member in all this?

It's worth remembering that the ultimate goal of any risk transfer exercise is to secure members' benefits in full. Trustees can demonstrate that the financial wellbeing of their members is front and centre of their risk transfer exercise – through a series of clear and informative communications in formats such as explainer videos and webinars. This suits diverse ways of digesting information and keeps members engaged throughout the process.

Why end-to-end member communications matter during buy-out

Let's imagine an 80-year-old pensioner who worked for the same company for 40 years, built up a final salary pension, retired at 60, and has received their pension for the last 20 years. Out of the blue, they receive a letter telling them that their pension will now be paid by an insurer.

It's the first they've heard about this. This pension is their main source of income. There's every chance that the pensioner will feel deeply anxious about the change.

Clear and timely communications are vital at such a sensitive time for members. And because buy-outs can be complicated, it's important to use clear, simple language.

Once the transaction is complete, trustees will want to spread the good news that members' benefits have been secured. But there's plenty of communication work to do before that stage.

A buy-out communication checklist

As a minimum, members should be contacted at the initial buy-in stage and then at the buy-out stage, once benefits have been secured with the insurer.

However, trustees should also consider updating members at other points, particularly where members have choices to make or their benefits are to be reshaped. Once their benefits have been secured with an insurer, there may be few, if any, opportunities for members to state their preferences.

Clear and timely communications about member options

Before buy-out, it's important for members to understand any options available to them, such as:

- Transferring out of the scheme
- Taking early retirement
- Entering into a Pension Increase Exchange (PIE) agreement
- Making decisions about additional voluntary contributions (AVCs).

Updates on key milestones

It's worth considering whether to update members as the buy-out process reaches key milestones. Trustees may wish to inform members that they'll be undertaking data checks, for example. Members will then be aware that any request for information required by the insurer isn't a scam.

Communicating with members who are still employees

Some DB members may still be employed by the sponsoring employer, possibly building up benefits in a Defined Contribution (DC) scheme. It's particularly important to keep employees informed, as any uncertainty or negative feelings can spill out into the workplace.

Communicating any change of member benefits

This is critical. Trustees need to communicate any changes to member benefits in a timely and informative way. It's a good idea to cover these scenarios in your communication plan:

- Re-shaped member benefits – This sometimes happens in cases where benefits can't be precisely replicated by the insurer.
- GMP reconciliation and GMP equalisation – These processes sometimes take place during buy-out projects and may affect member benefits.
- Scheme surplus – If the scheme has a surplus, then some of it may be returned to members. The trustees will need to communicate such plans to members.

Consider how you communicate to members

We live in a mixed economy when it comes to communication, with an array of formats available. Think about how best to communicate to your members and give them choices where possible.

Here are some formats to consider:

- Clear and simple letters or emails at various stages of the buy-out journey
- Regular newsletters to keep members informed
- FAQ documents to pre-empt queries and alleviate concerns
- Bite-sized animated explainer videos to simplify the process – see our example QR code at the bottom of this article
- A member portal to keep members informed and make information readily accessible
- Webinars or face-to-face presentations, which can be particularly valuable for current employees, and can be recorded and made available on demand
- One-to-one guidance sessions for individual members during any liability management exercises. These are often warmly welcomed by members.

The advantages of communicating clearly to members throughout the buy-out process cannot be overstated. While it may appear cost-effective to communicate only the necessary information at specific points, this can result in time-consuming queries from members.

Providing support, information and clear signposting in a variety of formats can help members understand the process and feel reassured and empowered throughout.

Key takeaways

1. **Clear and timely communications are vital during the buy-out process. It's a complicated concept and it's important that members understand what's happening and why.**
2. **Consider communicating with members via different formats, such as explainer videos and webinars.**
3. **First Actuarial's financial wellbeing team has supported many schemes through risk transfer exercises using a variety of member communications.**

Find out more

First Actuarial's financial wellbeing team has supported many schemes through risk transfer exercises with effective member communications. We bring clarity and simplicity to complicated financial matters. We produce information in a range of formats, according to member needs and preferences. Take a look at our example explainer video by clicking the link below.

Watch our explainer video ►



How can employers improve pensions adequacy?

The problem of pensions adequacy looms, as more people reach retirement age with only a modest Defined Contribution (DC) savings pot. **Jon Bird, Employee Benefits Consultant,** recommends four actions that employers can take to help people improve their retirement savings and financial planning.



Jon Bird
Employee Benefits Consultant



Recent research by the Institute for Fiscal Studies (IFS) sets out the scale of the problem of pensions adequacy. 30–40% of private sector employees (up to seven million people) saving in DC arrangements may end up with retirement incomes that fall short of standard benchmarks.

With its annual Retirement Living Standards, the Pensions and Lifetime Savings Association (PLSA) provides useful guidance on the income people need in their later years.

The most recent update shows that a couple aiming to enjoy a *comfortable* standard of living in retirement would require a net annual income of £59,000, while a single person would require £43,100. By *comfortable*, the PLSA means an income that allows for luxuries such as *regular beauty treatments, theatre trips and two weeks' holiday in Europe* a year as well as basic costs.

Putting this into perspective, a full State Pension payable in 2025/26 is £11,973 per year, meaning that someone would need an additional £38,760 gross per year from pensions (or other income) to reach this level. That equates to a total pension pot in today's terms of up to £550,000. This is based on an average annuity rate of 7% under current market conditions.

Many people are pragmatic enough to accept that this *comfortable* retirement lifestyle is beyond their means. But even the PLSA's minimum level, which covers basic needs plus a bit left over, requires a £14,400 net income for a single person and £22,400 for a couple.

As employees battle to make ends meet in the here and now – and realise that the State Pension alone won't be enough – we're seeing growing awareness of pensions adequacy need to communicate such plans to members.

Pensions adequacy and auto-enrolment

When auto-enrolment for DC pensions was introduced in 2012, minimum pension contributions were set at 2%. By 2019, the minimum level had risen to 8%. But even the Department of Work & Pensions' (DWP) own review in 2017 stated: *We recognise contributions of 8% are unlikely to give all individuals the retirement to which they aspire.*

In July 2024, the Labour Government announced a major assessment of pensions adequacy. A rise in the minimum auto-enrolment contribution level to 12% was expected. But amid a cost of living crisis, and with employer National Insurance (NI) contributions increases applicable from April 2025, this change has been postponed indefinitely.

It's clear that the minimum amounts set out under current legislation are not enough. The unavoidable reality is that most people are not paying enough into their pensions.

Four ways for employers to improve pensions adequacy

Pensions play a crucial role in making staff feel valued and cared for. Here are four ways for employers to make a long-term investment in their workforce:

1. Benchmark your pension provision

In a tight labour market, and with shifts in the working demographic, many employers benchmark salaries against competitors and monitor changes over time.

It makes sense to benchmark pension provision too. This can be tricky though, as pension data is less accessible than salary data. First Actuarial has recently surveyed UK employers' DC pension arrangements. Our findings will give employers useful benchmark data.

2. Pension contributions

While auto-enrolment has had a big impact on employees' retirement savings, the minimum level will generate only a small pension that won't provide a *comfortable* retirement.

People seem to cherish the prospect of living comfortably in retirement more than ever. We saw an increase in early retirement during and after the Covid pandemic. This makes workplace pensions (and employer contributions) particularly valued as an employee benefit.

A caring employer will want its people to retire happily with an adequate income, rather than struggle on into old age, unable to stop working. Generous employer pension contributions demonstrate a commitment to employees' longer-term wellbeing.

Any employer in a position to increase its pension contributions should strongly consider it. This may not be viable – especially in the current climate. But employers can limit pension contribution increases to certain categories of employees. They can base them on seniority, or as a reward for long service or professional accreditations, for example.

3. Salary exchange

An attractive yet cost-effective option is salary exchange, which reduces employer NI contributions. Savings can be passed on as additional pension contributions, retained by the company, or even used to fund other employee benefits/initiatives.

Salary exchange also offers savings for employees, through reduced NI contributions, making it a real win-win. Employers may want to use this to encourage people to increase their pension contributions. Clear communication of the benefits of salary exchange is key. Employers also need to make sure their salary exchange implementation and documentation comply with HMRC regulations.

4. Financial education

Many people are terrified of pensions.

Providing clear information and support will help people understand their pensions and make financial plans for retirement. This often encourages them to look at their savings, investment choices and retirement options more carefully. They're also more likely to understand the value of their pension benefits and the support that their employer provides around them.

Improving financial wellbeing through education is an important element of any employee benefit strategy. It has a clear, positive impact on wellbeing, which can result in loyalty and improved productivity.



Key takeaways

1. **Today's minimum auto-enrolment contribution levels are unlikely to give all individuals the retirement to which they aspire. Most people aren't paying enough into their pensions.**
2. **Employers can help by taking steps such as reviewing their current arrangements and introducing a more tax-efficient salary exchange contribution facility.**
3. **First Actuarial's employee benefits specialists can help employers consider different solutions to help improve their pensions provision cost-effectively.**

Find out more

Many employers are concerned about pensions adequacy. Our employee benefits specialists help them to keep their DC pension arrangements compliant, competitive and fit for purpose. They also work closely with First Actuarial's financial wellbeing team to improve pension communications and support for employees.

Defined Contribution Services ►

How employers can get more value from their health and protection benefits spend

Suzie Nedza, Employee Benefits Consultant, offers guidance for employers on how to source affordable employee benefits in today's tough climate.



Suzie Nedza,
Employee Benefits Consultant



2025 brings increases in National Insurance contributions and other salary costs, making it more challenging than ever to offer competitive employee benefits. And yet, employee wellbeing – together with recruitment and retention – could hardly be more important.

The good news is that there are cost-effective employee benefits out there. And many come with complimentary wellbeing services, providing extra value at no cost.

In this article, we take a closer look at these benefits and services, which can play a vital role in strengthening health and wellbeing.

When promoted across the workforce, these add-on wellbeing services can provide diverse and far-reaching support for employees. Think health checks, digital specialist care and gym services, which will leave your benefits budget untouched.

1. Life assurance – Highly valued and affordable

Group life assurance, which provides a tax-free lump sum payment when an employee dies, is a particularly low-cost employee benefit. It gives peace of mind, with the promise of financial support for surviving loved ones.

Why provide this benefit?

Around 8.5 million people over 18 have no life assurance, according to the Reward and Employee Benefits Association. Providing life assurance will reassure your employees that their loved ones will be looked after should the unthinkable happen. It has become a staple in any benefit offering and is expected by most employees.

How to make life assurance work for your budget

- Cost-effective cover – Choose an affordable level of cover that provides valuable employee protection. Benefit levels can be based on salary or you can choose a fixed amount e.g. £100,000.
- Market review – Find out what's available. When was the last time you reviewed the insurance market to get more value from your employee benefit spend?
- Complimentary wellbeing services – Make the most of these services to enhance wellbeing and productivity. Digital GPs, bereavement counselling and probate services are all highly valued by employees.

2. Income protection – Managing sickness and improving productivity

Group income protection helps employers fulfil their duty of care by paying employees an income while they recover from a long-term illness or serious injury.

Why provide this benefit?

The cost of sickness and presenteeism (unwell employees attending work without being fully functioning) runs into £billions for UK employers. Mental health cases are soaring, and employees worry that their sick pay will end before they're ready to return to work.

Income protection gives employees financial security, reducing stress, increasing productivity and improving retention.

How to make income protection work for your budget

- Revisit your scheme design – You can make substantial premium savings without significant changes to benefits, for example by limiting the claim payment period rather than paying up to State Pension age.
- Cut your sickness costs – Make use of insurers' early intervention support and proactive case management. A leading insurer showed that 98% of people who returned to work following their mental health support did so before becoming a costly long-term claim.
- Promote complimentary wellbeing services – Many employers fail to communicate these to their staff. Make sure your employees are aware of this support.

3. Critical illness cover – A low-cost benefit with a high impact

Critical illness protection provides a tax-free lump sum when an employee is diagnosed with a specified critical illness or condition. It will ease financial anxieties so employees can focus on treatment and recovery.

Why provide this benefit?

Two in five households have less than £2,000 in savings. Along comes a serious illness and there's no money to fall back on. Offering employees financial reassurance during this difficult time will foster loyalty.

How to make critical illness cover work for your budget

- Choose core cover – Limiting cover to common core illnesses will keep premium costs down while providing a valuable benefit.
- Implement voluntary benefits – Group policies are significantly cheaper than individual policies. Your employees can buy this low-cost cover at their own expense. You get to extend your employee benefits without additional spend.
- Use complimentary wellbeing services – Support can include second medical opinions, cancer and nursing support, and nutritional guidance.

Note: Any changes made to cover should only be made once contractual promises to employees and any current issues with long-term absentees or material facts have been considered.

Build a cost-effective long-term benefits strategy

Juggling budgets will always be a challenge for employers, but neglecting employees' health and wellbeing will only risk increased costs down the line. A health and wellbeing strategy should cover both short- and long-term scenarios.

Here are some suggestions for employers with tight budgets:

- Assess employees' needs and preferences, using data to understand where to direct spend. Consider diverse needs, financial security and work-life balance.
- Make sure your benefits support recruitment, retention and productivity.
- Prioritise protection benefits, as they offer essential financial support.
- Use complimentary wellbeing services to your advantage.
- Consider voluntary benefits to extend your offering.
- Offer a mix of common and innovative benefits, such as remote and flexible working, and parent-friendly schedules.
- Plan and budget how best to build up your benefits.
- Gather feedback and review your strategy regularly.
- Use technology to deliver efficiencies.
- Develop your employee engagement and communications to improve awareness.
- Stay up to date with legal and regulatory requirements.

Key takeaways

1. **Employers should assess employees' needs and preferences, to maximise the value of their employee benefit spend.**
2. **Many employee benefits come with complimentary wellbeing services that provide extra value at no additional cost.**
3. **Promote these benefits to improve engagement and get more value from your investment.**

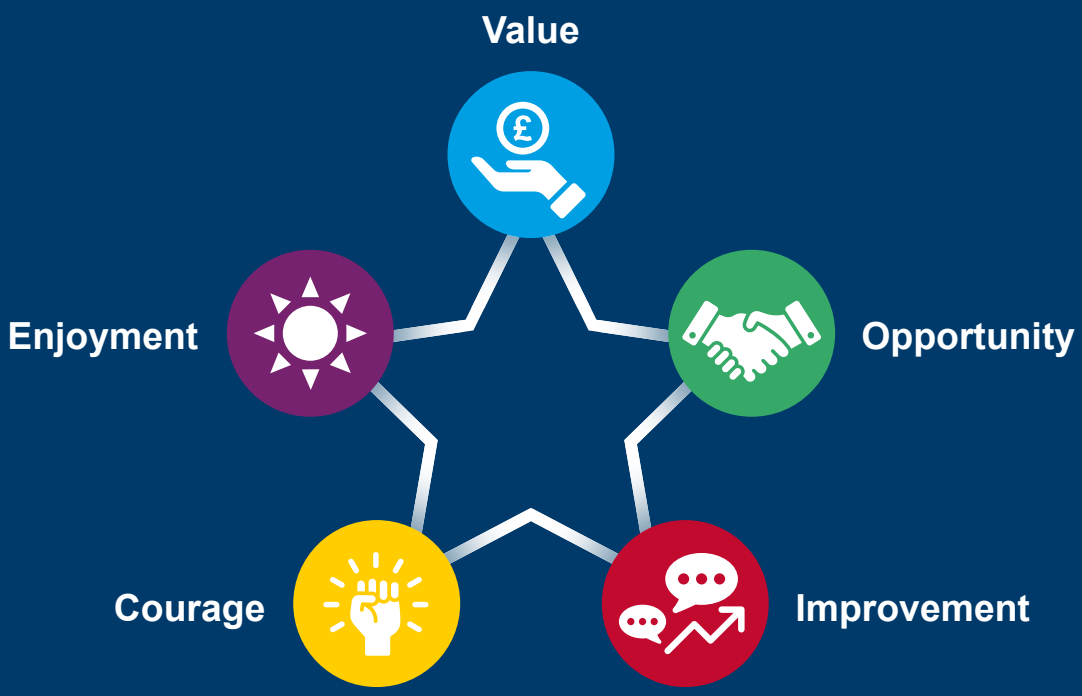
Find out more

First Actuarial's specialist team help employers get more out of their employee benefit budget. And we work closely with the firm's financial wellbeing consultants to help communicate their value to employees.

Group Protection Services ►

Our Values are our VOICE

VOICE represents the five simple values that capture the essence of First Actuarial and everyone who works here.



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