

A GUIDE FOR BUSINESS OWNERS
*Big company benefits
for small businesses*



KELLANDS
Financial Planning

Big company benefits for **small business owners**

No one knows exactly what the future holds. But expert financial planning gives you the confidence to go after your goals - knowing you're ready for anything.





How can I protect my business from shocks?

Every business is different, and costs can vary depending on circumstances, but there are similarities we can help you consider:

1. Private medical insurance (PMI)

Avoid NHS waiting lists and cover the cost of private treatment.

2. Income protection

Secure a regular income if you're unable to work due to illness or injury.

3. Critical illness protection

Receive a lump sum if you are diagnosed with a qualifying illness.

4. Life insurance

Pays an agreed amount if you die.

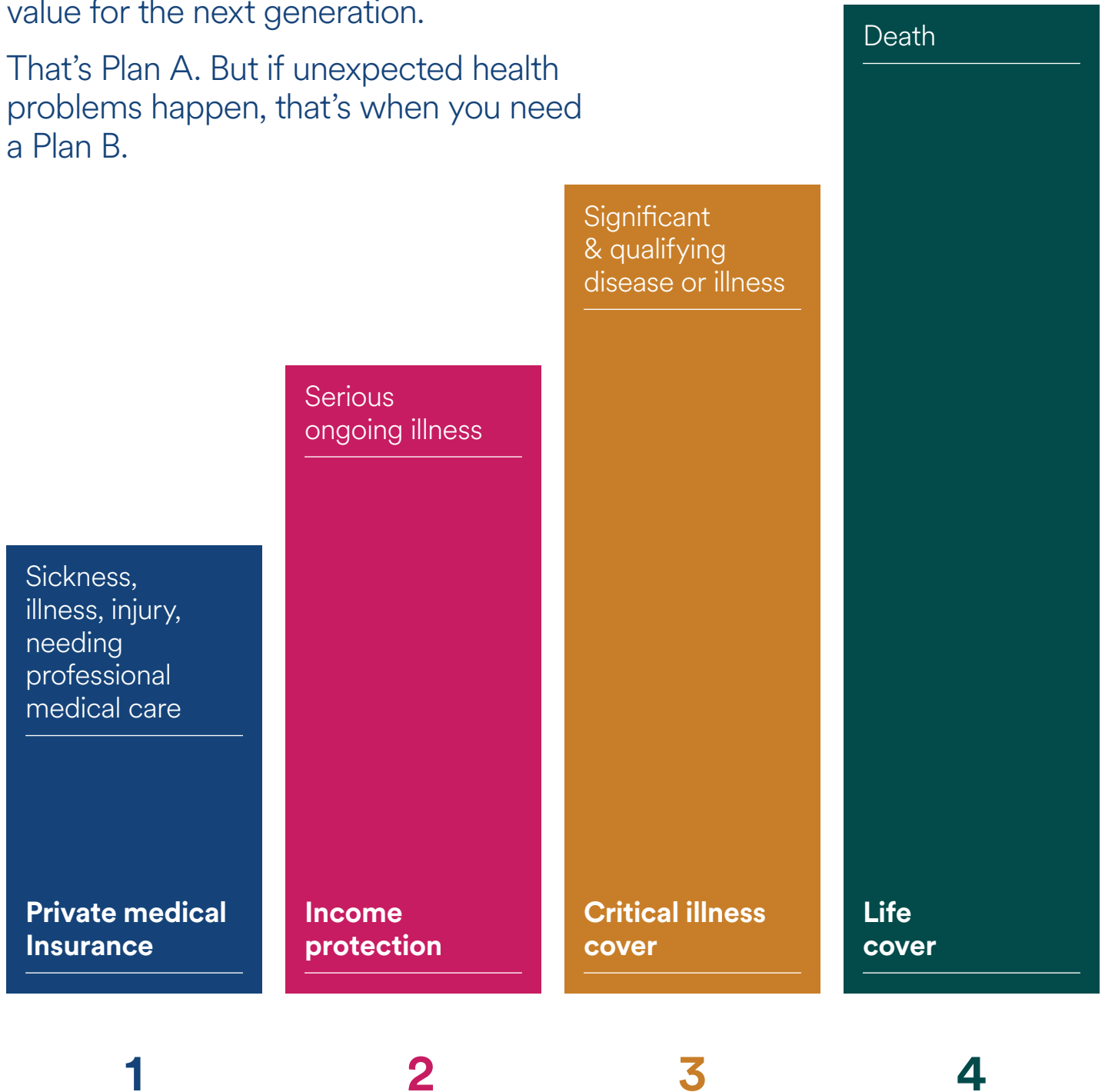
Costs can often be charged to your business and they also attract tax relief.

Every business, no matter how small, needs to know it could continue if key people are faced with the unexpected.

Every business owner needs a plan B

Most business owners are working to a plan. In a fast-growth start up this could be working towards a sale or in an established family business the aim may be creating value for the next generation.

That's Plan A. But if unexpected health problems happen, that's when you need a Plan B.



1. Private Medical Insurance (PMI)

PMI means more choice and more privacy. With the right policy in place for you and your family you can choose your own hospital and own doctor, and have your own private room.

Private medical insurance allows you quick, on-demand access to care. In some cases you may be able to get treatment that is not available on the NHS at all because it is too expensive or not approved in state hospitals.

We can help you to choose the type and level of cover that's right for you.

Overview

PMI is designed so that if you need medical treatment in the future you won't need to worry about NHS waiting lists or paying for the cost of the treatment. It's designed to get you diagnosed and treated quickly, and will offer you a prompt referral to a consultant and admission to a private hospital. PMI can help you:

- **Find out what's wrong** – if you are unwell and you are referred to a specialist by your GP, you will usually be able to arrange a specialist appointment within a few days.
- **Get treated** – if you do need any further tests, an operation or treatment, you can arrange this at a time and hospital convenient to you.
- **Choose the best facility** – most private hospitals have access to up to date technology and offer patients private en-suite rooms, TV and a choice of food from a menu.

Typical cost illustration of PMI – this may vary depending on your individual circumstances.

Age Next Birthday	Smoker	Single	Single Parent	Family	Excess
30	No	£51.59	£72.06	£123.65	£100
30	Yes	£55.06	£110.12	£130.59	£100
40	No	£64.45	£84.92	£149.37	£100
40	Yes	£69.44	£89.91	£159.35	£100
50	No	£85.30	£105.77	£191.07	£100
50	Yes	£91.85	£112.32	£204.17	£100

Monthly costs using AXA's rate including therapies and underwritten under Moratorium basis at 26th October 2022. Additional Variables. Child was 14 years old throughout. Partner was an exact replica to Member (Smoker Status & Age).

2. Income Protection

How long would your money last if you were unable to work? These days, household finances are often stretched and many families would struggle if they suddenly lost their main income. An income protection policy provides a regular income for as long as you are unable to work due to illness. For serious conditions this payment may continue until retirement age.

Overview

An income protection plan will pay a regular monthly benefit, replacing income lost in the event of injury or illness. This can help meet your family's financial commitments, without having to rely solely on state benefits.

- Occupation definition – Any suitable/qualifying occupation, or policy owners own occupation
- Deferred Payment Term – from 1 week to 6 months
- Term of payments – From 12 months to Normal Retirement Date
- Indexation of Premiums & Policies in Payment
- Amount of earnings replaced

Typical cost illustration of PMI – this may vary depending on your individual circumstances.

Age Next Birthday	Deferred Period	Benefit Level	Smoker	Non Smoker	Term
30	13	3000	£70.49	£49.04	65
30	13	4000	£93.15	£64.55	65
30	13	5000	£115.80	£80.07	65
30	26	3000	£52.94	£36.06	65
30	26	4000	£69.76	£44.48	65
30	26	5000	£86.58	£54.98	65
40	13	3000	£88.63	£63.44	65
40	13	4000	£117.33	£83.76	65
40	13	5000	£146.04	£104.08	65
40	26	3000	£73.23	£49.33	65
40	26	4000	£96.82	£64.96	65
40	26	5000	£120.41	£80.58	65
50	13	3000	£139.31	£92.10	65
50	13	4000	£184.90	£121.98	65
50	13	5000	£230.50	£151.85	65
50	26	3000	£128.48	£83.54	65
50	26	4000	£170.48	£110.57	65
50	26	5000	£212.48	£137.60	65

Monthly costs using AEGON's rates for Executive Income Protection as at 26th October 2022.

3. Critical Illness Protection

Many of us insure our homes, our cars, and our holidays – but take a moment to think about yourself and your family. How would you pay the bills or support loved ones should you face a serious illness, injury or disability? Critical illness protection may be able to help by providing a lump sum to help you through a life-changing illness.

Overview

Critical illness protection is designed to provide a tax-free lump sum after the life assured has survived one of a specified list of critical illnesses for 14 days. Typical conditions covered include heart attack, stroke, cancer and Alzheimer's disease. Critical Illness protection may also cover children aged between 30 days and 18 years (21 if in full-time education or vocational training), at no extra cost.

Many people who suffer from illnesses such as cancer survive for years after diagnosis. A critical illness plan focuses on paying a lump sum, helping support you and your family financially so that you can get back on your feet.

Typical cost illustration of Critical Illness Protection – this may vary depending on your individual circumstances.

Age Next Birthday	Cover	Smoker	Non Smoker	Term
30	£50,000	£25.02	£20.44	65
30	£100,000	£47.63	£38.48	65
30	£250,000	£128.03	£91.05	65
40	£50,000	£41.50	£27.53	65
40	£100,000	£80.59	£52.64	65
40	£250,000	£204.53	£133.48	65
50	£50,000	£75.99	£43.96	65
50	£100,000	£149.56	£85.50	65
50	£250,000	£394.28	£223.33	65

Monthly costs using AEGON's rates for Critical Illness guaranteed cover as at 26th October 2022.

4. Life Insurance

Would your dependents be able to cope with outstanding debts, or expenses like childcare costs, a mortgage or even a funeral if you're no longer around?

Even if you've been careful with your finances and have no outstanding debts, you may wish to leave a legacy to your loved ones, give a small sum as a gift, or help by contributing to the future cost of living for any dependents. If life throws a curve ball, we can help make sure your loved ones are secure.

Overview

A life insurance policy provides a lump sum to the policy owner's family upon death.

"Relevant Life" is a life insurance policy available to employers to provide an individual death-in-service benefit for directors and key staff in a tax-efficient way.

Typical cost illustration of Life Insurance – this may vary depending on your individual circumstances.

Age Next Birthday	Cover	Smoker	Non Smoker	Term
30	£250,000	£22.22	£12.05	65
30	£500,000	£40.59	£20.91	65
30	£1,000,000	£77.20	£39.20	65
40	£250,000	£39.22	£18.52	65
40	£500,000	£73.43	£33.63	65
40	£1,000,000	£142.60	£65.20	65
50	£250,000	£74.38	£30.86	65
50	£500,000	£140.62	£57.43	65
50	£1,000,000	£276.90	£112.60	65

Monthly costs using AEGON's rates for Critical Illness guaranteed cover as at 26th October 2022.





Case study 1

Keeping plans on track

At 63 Hannah has been a high-end dressmaker for 40 years and now runs three boutiques in mid-Sussex, with regular clients amongst the best connected people in the county. She has a small team of loyal staff, many of whom have been with her for all their working life. The business has been carefully managed and her plan has always been to sell it to the team and step into a strategic role.

That plan changed 18 months ago, when she had a stroke, and although she has made a good recovery her full rehabilitation may take some time. She can't lead the busy life she had before.

Luckily she's always been prudent with her financial affairs and has paid for Critical Illness cover and Personal Medical Insurance for many years. She discovered that the business could cover the cost of the insurance and she could even claim tax relief on the payments.

She received a lump sum at the time of the diagnosis, which meant she could switch her salary to pay a new manager for the business. She's also been able to pay for treatment and medical costs whenever she needs them, which minimises the time spent away from the business.

The change at the top is now bearing fruit. Despite a small downturn when she was first diagnosed, business has recovered. Hannah still wants to sell up, but the insurance has bought her some breathing space and allowed her to keep her options open.

Case study 2

Protecting the future in a busy start-up

Now 44, Ben has seen his IT business grow at an astonishing rate in the past five years. Based in Brighton he has an amazing set of blue chip clients, many of which are in the financial sector.

The hours are long but times are good and he's now planning an exit strategy that will transform his life in his 50s.

With business booming Ben's decided to take a look at the benefits he can set up for him and his family. He knows that even though the team is strong there is little chance of the business achieving the valuation he wants unless he is still involved.

He's also keen to balance his personal and work commitments. He spent his early career in retail banking and got used to the perks of a corporate life. He needs to protect the business but he also wants his family to benefit from the sort of protection he gave up when he switched to the life of a start up.

He was surprised to discover that a lot of the cover he'd thought about can be paid for through the business. This includes life cover, sick pay, medical insurance and critical illness.

Having reviewed the costs, they agreed the priorities and Ben's financial planner was able to pull together the details into a neat, tax efficient package.





Any well-planned strategy needs a long-term view and looking after you and your family should you be unable to work, either temporarily or for a longer term, is no different.

We can help you review your options, provide illustrations of the likely costs and explain how tax efficient planning can help you mitigate these for you and your business.

So you're taking care of your family, now how do you **take care of your employees?**

Your staff are at the heart of your business, with experience and skills that you don't want to lose.

Recruiting and retaining talent can be a challenge, and the benefits you offer will affect how appealing your business is as a workplace, as well as how long your employees stay with you.

Your staff can also benefit from the insurances we've already mentioned. But what else can you do to recruit effectively, retain talent, and reward loyalty?





Recruiting, retaining and rewarding talented employees can improve the stability of your business, and may even save you money in the long run.

Recruitment

It's not all about salary. Today's workforce seek flexible working options, employee benefits, a positive company culture, wellbeing, and work-life balance.

It's a good idea to benchmark salaries with market data tools and regularly review them.

Recruiting is expensive, so retaining good employees is important. Some recruitment costs are clear, whilst others are harder to quantify:

Direct costs	Indirect costs
Job sourcing	Time and resources spent interviewing
Job boards	Time spent recruiting
Recruitment agencies	Onboarding and training
Application tracking systems	Team productivity in the meantime
Background checking systems	Customer experience could potentially suffer
	Gaps in expertise

What should you focus on?

The pandemic changed the landscape of the working world substantially, and the cost-of-living crisis is putting additional pressure on employees and employers alike.

Hiring great talent can be a challenge, but don't forget that your size means you can be more agile. Adapting to a 'new normal' may be easier for you than a large corporation.

- Engage with passive candidates
- Build a strong employer brand
- Ensure your recruitment journey is efficient

There are a multitude of recruitment agencies in the market who can help steer you in the right direction.

Retention

You've managed to recruit staff with valuable skills and experience. How do you keep them long term?

Maintaining relationships

A poor relationship with managers is one of the main reasons why people leave jobs.

Leadership or management training can help support managers in their role. It can also be a valuable way of upskilling staff even before a management opportunity becomes available. You can also consider on-the-job mentoring and coaching, either by senior staff or external resources.

Talent development

Satisfied employees are likely to remain with your business longer and may even be more productive. A recent survey* indicated that 34% of employees perceived a lack of opportunities to develop new skills as a barrier to career progression.

Nurturing progression doesn't always mean continually promoting staff. Consider agreeing personal development plans or offer training, coaching, or mentoring to develop skills. Discuss long-term goals with each employee and allow them room to grow, promoting greater career satisfaction.

Employee wellbeing

Wellbeing benefits both your employees and your business generally. Wellbeing initiatives to address life stages and employee lifecycle can help reduce stress and create a positive working environment where people can be at their best.

Diversity and inclusion

A 2017 study by McKinsey found the most diverse organisations outperform competitors by 33%, so the evidence supports diversity as an important factor in business success.** When diverse teams make decisions, they deliver better outcomes than that of individuals 87% of the time. It's vital that businesses not only value everyone in the company uniquely but also that they create the right conditions so that everyone feels safe and included, and able to achieve their potential.

*CIPD Good Work Index 2022 – UK Working Lives Survey

**<https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

Rewards

We've talked about insuring yourself and your staff, but there's a variety of other options when it comes to staff benefits.

1. Providing for old age

A pension is simply setting aside some of an employee's income for retirement. Typically an employee and their employer each put a set amount of money into the pension account each year. The value of the pension when the employee retires depends on what's been put in and investment returns.

Auto-enrolment is a government requirement for all employers to automatically enrol eligible staff into a pension scheme and make contributions towards it. This is designed to ensure most workers have easy access to a workplace pension scheme, enabling them to save towards their retirement and enjoy an income over and above the basic state pension when they retire.

Whether your employees work full time or part time, you must enrol them into a workplace pension scheme if they are:

- not already in a suitable workplace pension scheme
- at least 22 years old, but under State Pension age
- earn more than £10,000 a year (tax year 2023-24)
- work in the UK

Those on short-term contracts, or staff away on maternity, adoption or carer's leave are also eligible. Those earning less than £10,000 have the right to opt in and will qualify for the minimum level of employer contributions by making personal payments at the minimum required level.

2. Providing opportunity

Flexible working

Priorities shifted during the pandemic and an employer who embraces flexibility and has strong policies to support this is highly valued in today's labour market. Flexible working helps to support diversity within your workplace, providing individuals opportunities to balance work with other commitments when necessary.

There are several ways to frame flexible working that can benefit both you and your employees:

- part-time and/or term-time working
- job-sharing
- flexi time and/or compressed hours
- working from home
- career breaks

Employee training

A more satisfied employee is likely to stay longer and be more productive while on your team. As noted above, the recent CIPD Good Work Index 2022 indicated that 34% of employees perceived a lack of opportunities to develop new skills a barrier to career progression. They cite the lack of skills training and development as the principal reason for moving on. Incorporating training that develops employees toward long-term career goals can also promote greater job satisfaction.

3. Supporting psychological and physical wellbeing

The pandemic put a strain on our health in more ways than one and made it more obvious than ever how important it is to support the psychological and physical wellbeing of employees. A strong wellbeing benefits package is highly valued in today's market. This can take many forms, but may typically include:

Sick Pay

One consequence of the pandemic was increased pressure on employers to review their healthcare benefits, such as occupational sick pay, as well as overall financial and psychological support for staff.

If you want to be competitive in today's market, you may want to consider an enhanced sick pay policy, as statutory sick pay typically provides less than £110 per week.

Dental & Optical Insurance

Offering corporate dental and optical insurances are a popular way of supporting staff, and policies can usually be extended to cover their families too. They may also have the benefit of saving your staff time.

Optical insurance helps pay for eye tests, glasses, and contact lenses - if your employees spend a lot of time on computers, this can be a helpful benefit. An alternative to optical insurance is to offer eye care vouchers.

Employee Assistance Programme (EAP)

An EAP offers confidential support and counselling to employees on a wide range of work/life issues, including money, relationships, work, and family. Importantly, they typically offer a range of employer support tools too.

This may be face-to-face or over the phone. And with stress and mental ill-health on the rise, an EAP may also offer access to stress support like Cognitive Behavioural Therapy (CBT).

While businesses can pay for their own EAP supplier, Income Protection, and some Critical Illness and Life Insurance products, typically come with built-in access to an EAP - essentially giving businesses 2 for 1 - saving money and resources.

Where employees feel valued and their wellbeing cared for, they're less likely to be sick and be more focused on their work - all leading to increased productivity and the business benefits that go hand-in-hand with it.

Gym membership or 'cycle to work' scheme

A free gym membership or a discounted rate at a local gym or gym chain is popular. This is a taxable benefit, so employees will pay something towards it.

Cycle schemes enable employees to buy bikes and accessories tax-free, saving on average about half the cost. It's completely free for employers to join, and easy to administer online.

4. Supporting financial wellbeing

Financial education and planning service

Financial health is just as important as physical and mental wellbeing. By offering a workplace financial education programme, you can help your employees deal with the financial pressures they face today and help them to understand that the financial and benefits choices they make today can impact where they might be tomorrow, in 10 years' time or even at retirement.

Car allowance/company car scheme

A car allowance means that an employee gets an extra payment to allow them to buy a car for their work. Some employers give a mileage allowance, which means an employee gets a certain amount for each mile driven on company business.

A company car scheme can be offered using a salary sacrifice arrangement where an employee gives up part of their gross salary in exchange for a fully maintained and insured new vehicle. This type of scheme can offer employees the chance to use a brand-new car at a significantly lower cost than in the retail market.

Interest-free travel loan

If your employees are required to commute, you may consider offering an interest free loan of up to £10,000 to allow employees to buy an annual travel card or season ticket (they're usually cheaper than buying daily, weekly, or monthly tickets).

Payroll giving

Payroll Giving is a scheme that enables employees to give to a charity straight from their gross salary (before tax is deducted).

Payroll Giving allows UK employees to "give more for less" as the tax that would normally be paid to the government can be gifted to the charity too. It allows the charity to receive reliable income to enable them to plan for the future and for employers to contribute to sustainable corporate social responsibility initiatives.

Share schemes

There are lots of different types of share schemes. They usually involve employers giving their employees free shares in the company or matching any shares they buy in the company with the same number of free ones. Schemes can be limited to certain levels of employee or require a certain number of years of service.







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