



CORPORATE BRIEFING

December 2007

Employee Benefits make the difference in employee retention

Recent research carried out by Canada Life Group Insurance found that employees consider benefits an important part of their remuneration package with the most sought after being a staff pension scheme to which the employer contributes. The research also found that two thirds of employees receive no benefits package at all.

The survey showed that 81 per cent of employees would move jobs if they were offered the same salary but better benefits.

Audit of Employee Benefits

We are able to conduct a free audit of the benefits you presently provide for your staff. This audit will identify possible savings in cost and administration as well as setting out new areas for consideration.

Contact john.baxter@three-counties.co.uk to arrange an appointment.

TOP 10 MOST IMPORTANT BENEFITS

1	Pension
2	Over 20 days holiday
3	Income protection
4	Health insurance
5	Critical illness cover
6	Life insurance
7	Access to a second opinion medical service
8	Eye test / gym
9	Maternity cover
10	Child care advice

Seminar at Marriott Gosforth Park Hotel

A very informative, and well attended, presentation was held on 1st November at the Marriott Hotel in Gosforth. Those attending heard an update on Employment Law issues covering Additional Paternity Leave and Pay, Flexible Working for Carers and the future for Dispute Resolution.

We also heard about the benefits and opportunities for providing employee benefits and a review was given of the changes announced in the October Pre Budget Report.

If you were unable to attend and would like a copy of the handouts provided, please email john.baxter@three-counties.co.uk

Incorporations

Currently, incorporating trading businesses can potentially give a sole trader, or each individual partner, a tax free amount to withdraw from the business of up to £36,800 or four times the annual capital gains exemption provided that there is sufficient transferable goodwill inherent in the business. With the capital gains changes announced in the Pre Budget Report, this will drop to just £9,200 or one CGT annual exemption for incorporations on or after 6th April 2008.

Any unincorporated businesses that are considering incorporating should bring forward a professional review of their business structure so that any change, if deemed appropriate, could be put in place on or before the 5th April 2008.

Income Shifting

HM revenue & Customs has again stated the need, in their view, to prevent small businesses obtaining an unfair tax advantage by moving income between a husband and wife. This follows a successful conclusion for the taxpayers, Mr & Mrs Jones, in the Arctic Systems case.

HM Revenue & Customs will be consulting with the business community on draft legislation to be introduced in the 2008 Finance Act and to be effective from 2008/09.

Income Protection Undervalued

Research has shown that very few employers offer income protection as an employee benefit but it can prove to be more valuable than private medical insurance, which is a more common benefit offered to employees.

It is thought that employers believe income protection will not attract the same caliber of employees as PMI and lack of awareness means consumers do not see income protection as a good deal.

Age Discrimination and Pensions

It has been nearly 12 months since a majority of the age-discrimination provisions came into force. What impact are these provisions having on pension arrangements? Essentially the regulations are quite simple – they require employers not to discriminate against members, or prospective members, on the grounds of age.

The regulations are not retrospective and are applicable to the treatment of benefits from 1st December 2006. They are, however, overriding which means they apply even if this contradicts the current rules of the scheme. The regulations do list a number of exemptions but the precise effects of the exemptions are somewhat unclear.

It is therefore essential that employers and trustees seek independent legal and financial advice if unsure about any of the provisions and how they may affect their pension scheme. Although simple on the surface, the detail of the regulations is quite complex.

Parents of school age children will be able to request flexible working

John Hutton, secretary of state for business, enterprise and regulatory reform, has asked Sainsbury's HR director, Imelda Walsh, to lead an independent review of how the right to request flexible working could be extended.

The current rules, introduced in 2003, allow parents of children aged up to six, or anyone caring for a disabled child or adult, to request to work flexibly unless there is a business case not to do so. This could now be raised to include parents of those aged up to 12 or even older.

Fourteen million employees work flexibly or have done so in the past 12 months, with arrangements including part-time hours, home-working and flexi-time. Figures released this week show employers are taking a positive attitude to work-life balance, with 91 percent of workplaces that received requests in the past year approving all requests.

A formal consultation with employers, unions and other stakeholders will be held after the results of the review are published in the Spring.

Obligatory Pension Plan

Legislation to introduce compulsory pension schemes for the first time in the UK sat at the heart of the first Queen's speech with Gordon Brown as prime minister. The bill will require employers to contribute to staff pensions and automatically enrol workers into schemes.

For further information please contact:-

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Taxation: All statements relating to taxation are based upon our understanding of the law and HM Revenue & Customs practice in force at the date of this report. There can be no guarantee that the tax position or proposed tax position at the time of investment will endure indefinitely.