

Employee Benefits

Economically it's become very apparent over the recent past that we live in a global village; local events can, and do, have global consequences. The 2008 UK recession was directly connected to US housing loans. Brexit uncertainty not only impacts the UK and Europe but also business and economies around the world.

This connectivity can also be related to employee benefits with many multinational companies seeking global oversight, if not global management, of their benefit programmes.

Running a global benefits strategy is no easy task. Although management can be centralised, most benefits will need to be adapted to match local needs and expectations. In reality it is virtually impossible to run a global 'one-size-fits-all' benefits package. There are many reasons why this isn't possible, but they fall into two broadly interrelated categories:

- **Local expectations:** rewards and benefits will vary by industry, geography and culture. Historically the headline benefit in the UK has been a retirement pension with other benefits such as life insurance dependent on this. Compare this to the US where the primary benefit is healthcare and looking further afield to somewhere like India where the expectation of dependants' cover under healthcare includes parents.
- **Local regulations:** alongside expectation, government regulation will often shape and drive benefit requirements and levels. Again, we have the example of pensions auto enrolment in the UK, Australia, New Zealand and Israel. Similar arrangements are being rolled out in Denmark, Georgia, Ireland, Poland, Thailand and Lithuania. Likewise, compulsory healthcare benefits are becoming the norm in Gulf countries and are already in place in Saudi Arabia, UAE and in the planning stages for Bahrain, Oman and Qatar.

Consequently, it may not be possible, or even desirable, to directly match benefits across national borders making global benefits' management incredibly complex. Benefit managers will need expert advice and guidance around creating a fluid benefits blueprint that promotes a globally competitive reward and benefits strategy, paying due consideration to the local expectations and regulations for their global workforce.

Retirement/Workplace Savings

It is difficult to have a single global retirement strategy because of the complexity and diversity of national regulation, taxation systems and providers' global footprint. Consistency and control may only be possible by trying to agree contribution commitments from the employer that are then managed locally, in terms of plan design and appropriate investment vehicles to suit their specific needs.

Even this strategy needs caution – some countries may not have specific pension requirements but will have as mandatory, an end of service bonus/gratuity that is often set at a month's pay for each year worked. This might not be pensions per se, but such a structure is still a cost to the business and should be budgeted within the compensation and benefits area.

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Risk Benefits

These are generally available worldwide. Providing life insurance or accident and disability cover across global locations can be achieved. A global strategy could see the use of multiples or percentages of salary as the cover basis to avoid issues that could be caused by fixed sums insured that might be too high in lower pay countries and far too low in the developed world. Consideration should be given to the potential to improve costs and underwriting by using multinational pooling, which in addition to cost savings makes central management easier.

Health And Wellbeing

Provision varies significantly from country to country (and even within countries, e.g.

Dubai vs Abu Dhabi, Canada etc.). Again, it is not possible to operate a single solution, but a business could set a benchmark of 'State provision plus' meaning all employees would be entitled to a level of healthcare supplemental to local state provision. This will vary dramatically by territory, but at least a standard is set.

Financial Wellbeing

The basics of managing money and finances are the same the world over, requiring employees to budget, borrow wisely, save and invest for their long-term financial security. But the fine details vary from territory to territory making it difficult to deliver generic financial education. Consideration should be given to local specialists who may not be expensive and who could facilitate local education and guidance, engagement and consistency of support for a global community.

Global benefits are always going to be challenging to manage, but with knowledge, strategy and expert advice everything can be connected to everything else.



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Saira joined Mattioli Woods in October 2016 and has over 25 years' experience in the employee benefits market. Over the last 15 years, her work has focused on helping multinational companies source and manage benefit programmes for their employees.

During her career, Saira has worked on both general consulting for domestic and international clients, as well as developing international business. Visit www.mattioliwoods.com for further information.