



# IGP Country Profile 2022

## UK

Prepared by:

AXA Health and Canada Life



## Preface

This Country Profile has been prepared by **AXA Health & Canada Life** for the International Group Program (IGP).

The International Group Program (IGP) is a network of major life insurance companies (Network Partners) operating throughout the world, who work together to meet the group insurance and pension needs of international corporations and their affiliates, branches, and subsidiaries.

Since 1967, the International Group Program has been an industry leader in the field of international benefits management, serving more multinational companies than any other network. IGP is represented in around 70 countries throughout the world and is known for the flexibility and quality of service we provide to our clients.

Working closely with our headquarters' staff in Boston, our regional offices in Brussels and Singapore, IGP Network Partners offer corporate clients the advantages of experienced local insurance management coupled with the resources of a professionally trained staff that specializes in international employee benefits.

IGP is part of John Hancock Life Insurance Company (U.S.A.), the U.S. operation of Manulife Financial Corporation, a leading financial services group based in Toronto, Canada. Manulife offers its clients a diverse range of financial protection products and wealth management services. Both Manulife Financial and John Hancock are internationally recognized brands that have stood for financial strength and integrity for more than a century.

*The information contained in the IGP Country Profiles is considered proprietary and any material extracted from a profile must be attributed to IGP.*

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**John Hancock Financial Services**  
P.O. Box 111, Boston, Massachusetts 02117  
United States  
T+ 1 617-572-8677  
E [igpinfo@jhancock.com](mailto:igpinfo@jhancock.com)  
W [www.igpinfo.com](http://www.igpinfo.com)

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## Your Local Link to IGP in the UK: AXA Health & Canada Life

### AXA Health The IGP Network Partner in the UK

As AXA's UK health and wellbeing specialist, AXA Health can keep your business happy and healthy, and help your employees bring their best selves to work.

Where do we start? We start with you. With whatever healthy looks like for you and your employees. Our job is to listen to what you need and work alongside you to build a solution that's firmly founded on clinical expertise, and that jigsaws neatly with your unique requirements.

We've spent decades working alongside businesses large and small, so our dedicated business team has a deep understanding of what helps businesses stay well, and how we can help make that happen.

And we can tailor what we offer so perfectly because we have an extraordinary breadth of services – our private medical insurance expertise is only the start. Today we provide a full range of high quality solutions that help businesses to build a coherent strategy to address employee health and wellbeing:

- Private Medical Insurance that provides outstanding protection for the health of your employees should they fall ill, helping to get them back to health and back to work promptly. With our Fast Track Appointment Service, on average our members are seen twice as fast than those with a GP named referral.
- Employee Assistance Programmes that provide expert support and guidance for everyday problems as well as support for psychological illnesses, such as stress.
- Occupational Health products to protect your employees' health at work and help you to meet your duty of care
- A Proactive Health programme that allows employers to bring together our wide range of services, tools, features and training to achieve excellent levels of engagement and sustained behaviour change amongst their workforce such as our smart technology platform, the Proactive Health Gateway.

Partnering with AXA Health offers you unrivalled expertise, innovative products, service you can trust, and a genuine return on the investment in your employees' health and wellbeing.

We operate a network of over 250 hospitals and almost 450 scanning centres and have extended the network to cover treatments such as oral and cataract surgery. We offer clients market-leading customer service, simple administration processes and prompt claims settlement with "claim form free" processing.

We place a strong emphasis on both micro and macro levels of claims cost management to ensure that your investment in PMI remains focused on the areas that you wish to target. Through our dedicated Provider Management team of contract negotiators and auditors we continue to ensure a valued service delivery on behalf of our members.

## Your Local Link to IGP in the UK: AXA Health & Canada Life

Our innovative and caring approach to healthcare has meant that we have received a number of commendations and accreditations including:

- 2020 - #1 Global Insurance brand for the 10<sup>th</sup> consecutive year
- 2021 - UK Health & Protection Awards Best Pandemic Response
- 2022 - Defaqto 5\* rating for Business Health plan
- 2022 - Corporate Adviser awards Best Healthcare Provider

As a partner for the health element of IGP's TCN plan, AXA Global Healthcare provides flexible and portable health insurance plans for globally mobile employees and their dependents. The International Health Plan is available to expatriates who live and/or work outside of their home country for more than six months a year. The International Health Plan offers four levels of cover. To offer the very best level of care and support to the different needs of expatriates, included in all plans are 24/7 multi-lingual customer service, interpretation services, evacuation and repatriation and access to a second medical opinion.

AXA Health is regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

AXA Health has been an IGP Network Partner since 1981.

### Key Products

#### Medical

- Corporate, SME and Individual Medical Plans

#### Other

- Healthcare Trusts
- Back to Health
- CashBack
- Budget Healthcare
- Occupational Health Services
- Employee Assistance Programmes
- Health and Wellbeing
- Expert Health Information and Consulting
- Expatriate Medical Benefits
- Travel Plans

## Your Local Link to IGP in the UK: AXA Health & Canada Life

### Canada Life Assurance Company The IGP Network Partner in the UK

Founded in 1847, the Canada Life Assurance Company was Canada's first domestic life insurance company. Based in Toronto, we have grown and prospered and today we provide a diversified range of insurance and wealth management products and services in Canada, the United States, the United Kingdom, and the Republic of Ireland, Germany, Brazil and several other jurisdictions, such as the Isle of Man.

Canada Life began operating in the United Kingdom in 1903 and has developed a wide offering of products and services to suit our clients. Our product portfolio encompasses solutions for successful retirement income planning, inheritance tax planning, saving and investments as well as group and individual protection.

Within the UK, we have five main locations:

- Potters Bar for our Life and Pensions business,
- Bristol for our Group Insurance and Individual Protection operations,
- The City of London for our Investment and Property operations,
- Worthing for our Home Finance operation; and
- The Isle of Man for our Offshore Wealth Management division, Canada Life International.

In 2003, Canada Life became part of The Great-West Life Assurance Company, a subsidiary of Great-West Lifeco. The transaction brought together three leading Canadian life insurers: Great-West, London Life and Canada Life – to create an even stronger financial services organization with global reach. Canada Life and Great-West are members of the Power Financial Corporation Group of Companies.

### Group insurance

Our group insurance operation is committed to building strong relationships with our customers by providing market-leading products and exemplary service and support. We have been providing group products to intermediaries and their corporate clients since 1972 and are now the UK's largest group insurance provider covering over 2.8 million people through group schemes.

Our weight and experience is recognised across the industry. We hold 22% of the total UK group insurance market, and the value of group life benefits held with us currently exceeds GBP 285 billion, with over GBP 12 billion of disability benefit.

### Key products

- Group Life Assurance, our 22.9% market share makes us the UK's number one provider.
- Group Income Protection, a 14.5% market share makes us the UK's number three provider.
- Group Critical Illness cover, a 29% market share makes us the number one provider.

### Canada Life Group Insurance Awards

#### Health Insurance & Protection Awards

Best Group Protection Provider – 9 x winner 2013 to 2021

#### COVER Excellence Awards

Best Group income Protection – winner 2018

#### Corporate Adviser Awards

Best Group Risk Provider – winner 2014 to 2017 and 2021

#### ILP Moneyfacts Investment Life & Pensions Awards

Best Group Protection Provider – winner 2014 to 2017 and 2019 to 2021

Canada Life Limited, registered in England no. 973271.

Registered office: Canada Life Place, Potters Bar, Hertfordshire EN6 5BA

## UK Legislative Developments

Over recent years the government has primarily focused on Brexit and reactions to the Covid pandemic. There have been only a few other initiatives.

### Health & Social Care Levy / National Insurance changes

The Covid pandemic stretched the National Health Service and social care facilities such as care homes. To fund improvements and to tackle backlogs the Government has introduced increases to National Insurance contributions for both employer and employee of 1.25% from April 2022.

From April 2022 there will also be a levy of 1.25% on earnings taken as dividends.

In April 2023 the National Insurance contribution rates will revert to the previous levels and be replaced by a Health & Social Care Levy. This will be at a rate of 1.25% each for employees and employer, but will also be payable by employees over State pension Age.

A further policy announcement has been made to address the so called “cost of living” crisis. The earnings level at which National Insurance becomes payable (the Primary Threshold) will increase for employees only.

The new values are shown on page 9.

### Impact on protection insurance

An employer with a Group Income Protection policy may choose to insure the employer’s liability to National Insurance contributions on the benefit payable to a claimant.

Where this is done Canada Life will insure the new level of National Insurance and from 2023 the additional amount of the Health and Social Care Levy. Where this insurance is already in place there will be no change to the rate within the current guarantee period.

### Brexit

Following the end of the Brexit transition period on 31 December 2020, the support we can offer to customers based in the EU will need to change. We’ve set out some scenarios below to help clarify our position and highlight the policies that may be affected.

#### EU based company with a UK branch

We can continue to cover UK branches of an EU-based parent company, provided the UK branch is the policyholder and registered on Companies House. Employees covered under the policy must have a contract of employment with the UK branch.

#### Employees of a UK-based employer who are seconded or located in the EU

Any employees seconded or located in the EU can still be covered, provided the UK-based employer is the policyholder and the employee has a contract of employment with the UK-based employer.

#### EU-based employers with a UK-based trustee

For any policy established under a trust, the trustee is considered to be the policyholder. Therefore, as long as the trustee is a UK-based entity, EU-based employers and employees can continue to be covered under the policy provided the trust allows for their inclusion.

If a discretionary trust is established by a non-UK based employer (i.e. the trustee is an EU-based employer), we are unlikely to be able to provide cover. We’ll continue to monitor this situation closely.

## UK Legislative Developments

### **Channel Islands and Isle of Man policies**

These policies are unaffected and we can continue to cover companies based in the Channel Islands and Isle of Man.

### **EU-based principal employer with employees in the UK or EU (policy not established under a UK trust)**

We will not be able to assume risk for any new policies on this basis. Cover under any existing policies should not continue beyond the renewal date. Please contact your account manager if you have any questions.

### **EU-based associated employer with employees in the UK or EU (policy not established under a UK trust)**

We will treat EU-based associated employers in the same way as EU-based principal employers as above.

### **Taxation of benefits provided by Salary Sacrifice**

Some employers allow an employee to choose some aspects of their benefits package and remuneration. This could be ad hoc arrangements or a structured flexible benefit scheme.

Salary sacrifice occurs where salary is given up in favour of receiving the benefit. This is often tax efficient as the taxation of the benefit is more generous. For these purposes a contractual promise of a benefit that can be given up for salary is treated the same.

From April 2017 these arrangements will see the value of the benefit treated as salary and taxed as income, with employer's National Insurance also payable.

There are a limited number of exceptions, including

- Pension contributions (including registered group life)
- Childcare
- Cycle to work
- Ultra low emission cars

However Group Income Protection and Group Life on an Excepted basis are affected. Critical Illness, Medical and Dental fall under the legislation but are already taxed as income.

### **Pensions Act 2021**

This Act received Royal Assent in February 2021. It strengthens the protection of savers in pension schemes by creating new enforcement powers and criminal offences. [Landmark moment for UK pensions as Bill receives Royal Assent - GOV.UK](#)

This will not directly affect group protection policies unless they are written under the trust of a pension scheme.

### **Workplace statements**

From April 2021 the information required to be given to an employee or worker has increased. In particular the rights to sick pay should be included at day one. [Employment contracts: Written statement of employment particulars - GOV.UK \(www.gov.uk\)](#).

Employers can take this opportunity to promote their employee benefits and the Association of British Insurers has worked with providers and government to assist with this [How to nurture wellbeing at work – from day one ABI](#) .



## Social Security Benefits and Customary Private Employee Benefits

### Introduction:

All employees are usually included in employee benefit plans, although membership may be restricted to certain categories of employee.

Eligible employees can be included as soon as they join an employer, and membership for risk benefits may depend on whether the employee joins the employer's pension scheme.

The level of benefits provided can vary by the category of member; so, for example, managers may receive higher benefits than other employees may receive.

### National Insurance Contributions:

For period 6 April 2022 to 5 July 2022.

Employee		Employer	
<i>Earnings in GBP per week</i>	<i>Rate</i>	<i>Earnings in GBP per week</i>	<i>Rate</i>
up to 242.00	0%	up to 175.00	0%
Between 242.01 – 967.00	13.25%	Between 175.01 – 967.00	15.05%
967.01 and above	3.25%	967.01 and above	15.05%

For period 6 July 2022 to 5 April 2023.

Employee		Employer	
<i>Earnings in GBP per week</i>	<i>Rate</i>	<i>Earnings in GBP per week</i>	<i>Rate</i>
up to.00	0%	up to 175.00	0%
Between.01 – 967.00	13.25%	Between 175.01 – 967.00	15.05%
967.01 and above	3.25%	967.01 and above	15.05%

Employers do not have to pay National insurance for employees under 21 (or certain apprentices under 25) unless earnings exceed GBP 962 per week.

Source: HM Revenue and Customs website:

<https://www.gov.uk/government/publications/rates-and-allowances-national-insurance-contributions>

### Private Insurance Contributions:

Employee:

A minimum of 5% of qualifying earnings is required to meet automatic enrolment requirements if an employee does not opt out. A plan may allow for additional voluntary contributions by employees.

Employer:

A minimum of 3% of qualifying earnings is required to meet automatic enrolment requirements. Many employers provide more towards retirement benefits, The whole cost for death and disability risk benefits. Medical plan costs may be shared with the employee.

<b>DEATH BENEFITS</b>										
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>									
<p><b>Bereavement Support Payment</b></p> <p>A social security payment is only available if a person's spouse or civil partner:</p> <ul style="list-style-type: none"> <li>• had paid National Insurance contributions for at least 25 weeks</li> <li>• died because of an accident at work or a disease caused by work</li> </ul> <p>There is no payment if there was another cause of death or to other financial dependents.</p> <p>Payment is a lump sum followed by monthly payments for a maximum of 18 months.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Lump Sum</th> <th style="text-align: center;">Monthly</th> </tr> </thead> <tbody> <tr> <td>Higher Rate (If claimant receives child benefit)</td> <td style="text-align: center;">GBP 3,500</td> <td style="text-align: center;">GBP 350</td> </tr> <tr> <td>Lower Rate</td> <td style="text-align: center;">GBP 2,500</td> <td style="text-align: center;">GBP 100</td> </tr> </tbody> </table>		Lump Sum	Monthly	Higher Rate (If claimant receives child benefit)	GBP 3,500	GBP 350	Lower Rate	GBP 2,500	GBP 100	<p><b>Death in service benefits</b></p> <p>On the death of an employee in service, benefits can be:</p> <ul style="list-style-type: none"> <li>• <i>Lump sum death benefit</i> <ul style="list-style-type: none"> <li>➢ a multiple of the employee's earnings, a lump sum of between two and four times salary is typical;</li> <li>➢ a fixed lump sum amount, for example GBP 50,000 per employee; and/or</li> </ul> </li> <li>• <i>A death in service pension</i> for the employee's spouse, civil partner or other financial dependents, ensuring continued income following the death of an employee. Amounts are commonly between 25% salary and <sup>4</sup>/<sub>9</sub><sup>ths</sup> salary. The pension can also escalate each year to offset the impact of inflation.</li> </ul> <p>The majority of death in service schemes are registered with HM Revenue &amp; Customs and are set up under a discretionary trust so that they can enjoy certain tax privileges. There is no maximum benefit, although lump sum benefits from a registered scheme that exceed the lifetime allowance are subject to tax. Lump sum benefits paid via a discretionary trust are not subject to inheritance tax. Death in service pensions do not count towards the lifetime allowance but are subject to income tax.</p> <p>An increasing number of schemes are insured as Excepted Group Life Policies. Payments from these do not count against the lifetime allowance. They use a version of a discretionary trust so that benefits are generally not subject to inheritance tax but charges may occasionally arise.</p> <p>Benefits for large pension schemes may be self-insured. Benefits can be insured via group plans.</p>
	Lump Sum	Monthly								
Higher Rate (If claimant receives child benefit)	GBP 3,500	GBP 350								
Lower Rate	GBP 2,500	GBP 100								

<b>DISABILITY BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>Benefits during sickness, incapacity or disability</b> The employer is required to pay Statutory Sick Pay (SSP) of GBP 99.35 per week after three days and for up to 28 weeks. SSP is subject to income tax.</p> <p>The employer may increase sick pay above the legal minimum of SSP up to full salary.</p> <p><b>Employment and Support Allowance (ESA)</b> An Employment and Support Allowance (ESA) is payable from the 29<sup>th</sup> week of absence onwards.</p> <p>There are two calculations for ESA:</p> <ul style="list-style-type: none"> <li>• Contribution based, now known as New style ESA. A person may be entitled to claim the contribution based ESA if they have paid enough National Insurance contributions. It is taxable, but is not means tested.</li> <li>• Income related. This has been subsumed into Universal Credit. A person may be entitled to claim the income related ESA if they do not have enough money coming in, or have not paid enough National Insurance contributions. It is means tested.</li> </ul> <p>Under ESA, employees enter an assessment phase, which usually lasts for 13 weeks. During this time, they are paid an initial basic benefit, which is normally equivalent to the personal age related allowances paid under the <i>Jobseekers Allowance (JSA)</i>. The amount paid per week is related to the claimant's age, and for those claiming the income-related benefit, whether or not they have a partner.</p> <p>Once the assessment phase is complete, claimants who are assessed as having 'limited capacity for work' will move onto the main phase of ESA.</p> <p>This provides for a <i>basic rate</i> to be paid, currently GBP 77.00, plus either:</p> <ul style="list-style-type: none"> <li>• a <i>work-related component</i> of, currently, GBP 30.60 per week for existing claimants but GBP 0 for new claimants after 3 April 2017, or:</li> <li>• a support <i>component</i> of, currently, GBP 40.60 per week.</li> </ul> <p>If the work-related component is paid, the contributory ESA is paid for a maximum of 365 days, including the assessment period. If the support component is payable the benefit may be paid to State Pension age.</p> <p><b>Universal credit (UC)</b> Universal credit (UC) is a single streamlined benefit to replace a range of existing means-tested benefits and tax credits for people of working age. UC will merge out-of-work benefits and in-work support and will be backed up by a strong system of conditionality, including financial sanctions, so that people will not be better off out of work.</p>	<p><b>Income Protection Benefits</b> Group Income Protection schemes commonly insure 50% - 75% of salary. Some older schemes may deduct an amount equivalent to state incapacity benefits.</p> <p>Benefits are payable after a deferred period, usually 26 weeks. Over 90% of policies are based on an Own Occupation definition of disability. Other deferred periods and disability definitions are also possible.</p> <p>Benefits may be payable through to retirement age, or limited to a period of 2–5 years. The latest market development is to offer a limited pay period followed by a lump sum.</p> <p>It is possible to have escalating benefits and insure pension scheme contributions and employers' National Insurance contributions.</p> <p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>• <i>Schemes for employees:</i> Premiums are usually treated as a business expense and benefits paid to employees are subject to income tax and national insurance contributions.</li> <li>• <i>Schemes for equity partners:</i> Premiums in respect of equity partners are not treated as a business expense. Benefits paid to equity partners are not subject to income tax.</li> </ul> <p><b>Critical illness benefits</b> This is less frequently insured than other types of group risk insurance, though is most commonly found within a flexible benefits programme.</p> <p>Benefits are relatively low, in the region of one or two times salary, or perhaps a fixed amount of around GBP 25,000 per member. There is often a set of around thirteen core critical illnesses to which additional illnesses can be insured at additional cost.</p> <p>A member's children and spouse can also be insured.</p>

<b>DISABILITY BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p>UC is being phased in over a period, starting with new claimants, so the existing legacy benefits it replaces will not disappear for some time. Transitional arrangements apply so that people will not lose out when they are moved onto UC. Although UC has replaced the income related ESA and the income based JSA, the contribution based ESA and JSA still continue and are not being replaced.</p> <p>To claim UC a person has to normally be over 18, be under state pension credit age, not be a student and have accepted a claimant commitment.</p> <p>Where the person has a partner, a joint claim for UC is made.</p> <p>To improve work incentives there are 4 sets of conditionality requirements according to an individual's capability and circumstances:</p> <ol style="list-style-type: none"> <li>1. no work-related requirements</li> <li>2. work-focused interview requirement only</li> <li>3. work preparation requirement</li> <li>4. all work-related requirements</li> </ol> <p>Individuals will be expected to meet the requirements of the group they are placed in in order to continue to receive UC. The basic monthly allowance is:</p> <ul style="list-style-type: none"> <li>• single claimant aged under 25, currently GBP 265.31 per month</li> <li>• single claimant aged 25 or over, currently GBP 334.91 per month</li> <li>• joint claimants both aged under 25, currently GBP 416.45 per month</li> <li>• joint claimants where either is aged 25 or over, currently GBP 525.75 per month</li> </ul> <p>There are additional elements payable for children, limited capability for work, carers and housing costs. Claimants may also qualify for other benefits.</p> <p>The total amount of benefits is capped at GBP 442.31 a week for lone-parents or part of a couple in London, or GBP 386.62 in the rest of the country. For a single person the cap is GBP 296.35 a week in London and GBP 257.69 elsewhere.</p> <p>Unlike all other benefits, UC is payable monthly in arrears.</p>	

<b>MEDICAL BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>Health treatment</b> Anyone who is deemed ordinarily resident in the UK is entitled to free National Health Service (NHS) hospital treatment in England. Charges are made for prescriptions and dental treatment, with exemptions available for low-income persons.</p>	<p><b>Health treatment</b> Insured private medical plans are available to meet the cost of private treatment or to provide a cash benefit. Plans are available in a range of different cover levels and at different premium levels designed to meet the needs of different customers. Organizations can provide their employees with company paid schemes or schemes where employees buy insurance on a voluntary basis at a discounted rate which is then deducted from their salary. Employer contributions are treated as a business expense and are taxed as a benefit in kind for employees.</p> <p><b>Medical Benefits</b> Ever since the National Health Service (NHS) was set up, there has been the facility to enable any individual to pay for private treatment. In exchange for payment, the patient will often receive faster access to treatment, at a hospital and with the consultant of their choice. Private medicine operates within and outside the NHS. NHS hospitals throughout the country provide 'pay beds' or 'amenity beds', for use by private patients, who pay the appropriate fees to the hospital and specialist looking after them.  The cost of private medical treatment is relatively expensive in the UK, and this led to the rapid growth of medical insurance. In 2014, there were 2.96 million private medical insurance subscribers (excluding trust) – Mintel Report 2015.  The near collapse of financial intermediation in 2008 and the subsequent synchronous decline in output across nearly all major economies has impacted on the growth of medical insurance in the UK in recent years. However, while the UK economic recovery remains fragile, in the medium to long term it is expected that private healthcare provision will become increasingly important as issues of affordability and sustainability of the NHS drive government to transfer more responsibility for the nation's health and wellbeing onto employers and the private sector.</p> <p><b>Dental benefits</b> Just over 29.9 million adult and child patients in England saw an NHS dentist in the 24 months period ending June 2014, according to the Health and Social Care Information Centre (HSCIC), representing 56% of the population. The dentistry market in the UK is valued at an estimated £5.73 billion a year, with spending on NHS dental treatment accounting for approximately 58 per cent of the market value, and spending on private dental treatment accounting for the remaining 42 per cent. According to LaingBuisson, the total dental plan market in the UK – covering capitation, dental insurance and dental cover from cash plans – was estimated to be worth £719m in 2012, with the bulk of this representing capitation (£503m), some £95m spent on dental insurance by individuals and employers, and the remainder (£121m) representing derived cash plan contributions. Dental plans are designed to encourage employees to attend the dentist regularly and give them cover for their routine treatment.</p>

<b>RETIREMENT BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>State Pension age</b> Current SPA is 66.</p> <p>Equalisation of SPA between sexes was completed in November 2018.</p> <p>SPA increased to 66 between 2018 and 2020. It will increase to 67 between 2026 and 2028. Further increases to age 68 are planned, but this may be brought forward with the possibility of linking SPA to increases in peoples' life expectancy.</p> <p>The government's SPA calculator enables anyone to calculate their SPA based on their date of birth.</p> <p>Further information: <a href="https://www.gov.uk/government/publications/state-pension-age-timetable">https://www.gov.uk/government/publications/state-pension-age-timetable</a></p> <p><b>Single-tier State Retirement Pension</b> From April 2016 there is a single State pension for people reaching State pension Age. The full amount of GBP 185.15 per week (from April 2022) is payable if a person has 35 years of National Insurance contributions, subject to transitional arrangements.</p> <p>Prior to 2016 there was a system of a basic State Pension, an additional State Pension and a range of pension additions and credits. It was possible to use a suitable private or occupational pension to opt out of the additional State Pension.</p> <p>The transitional arrangements will calculate a pension using both methods and will give people the higher amount, whilst allowing for any period of contracting out.</p> <p>In the long term it will ensure that there is a clear State Pension for those retiring, and is designed to work alongside automatic enrolment.</p> <p>State Pensions are subject to Income Tax but not National Insurance.</p> <p>More details can be found at: <a href="https://www.gov.uk/new-state-pension/overview">https://www.gov.uk/new-state-pension/overview</a></p>	<p><b>Retirement age</b> The Employment Equality (Repeal of Retirement Age Provisions) Regulations 2011 were implemented from April 2011. These regulations phased out the Default Retirement Age of 65 and employers cannot normally require an employee to retire. All elements of the act are now in force.</p> <p>There is an exemption for insured Group Risk products which can cease at State Pension Age.</p> <p><b>Pensions</b> Employers establish company pension schemes to provide pension benefits for their employees. Employer contributions attract full Corporation Tax relief, and also relief from employers' National Insurance contributions.</p> <p>The two most common types of company pension scheme in the UK are:</p> <ul style="list-style-type: none"> <li>• <i>Defined benefit (DB) schemes where the pension benefit on retirement is based on:</i> <ul style="list-style-type: none"> <li>➢ the specified accrual rate, which is a fraction and typically 1/60th</li> <li>➢ the members 'pensionable service' calculated in complete years and months from the date they joined the scheme; and</li> <li>➢ the member's final salary, either at retirement date or at the date of leaving their employer.</li> </ul> </li> <li>• <i>Defined contribution (DC) schemes where the pension benefit on retirement is based on:</i> <ul style="list-style-type: none"> <li>➢ the level of contributions made by both the employer and the member; and</li> <li>➢ the performance of the fund or funds in which the contributions have been invested.</li> </ul> </li> </ul> <p>DB schemes are the more popular with employees because they know what they can expect to receive on retirement. However, DC schemes are the more prevalent currently, as they are less expensive for employers to provide.</p> <p>For more information on company pensions, please visit the following link, on the UK Government's Directgov information website: <a href="https://www.gov.uk/workplace-pensions">https://www.gov.uk/workplace-pensions</a></p>

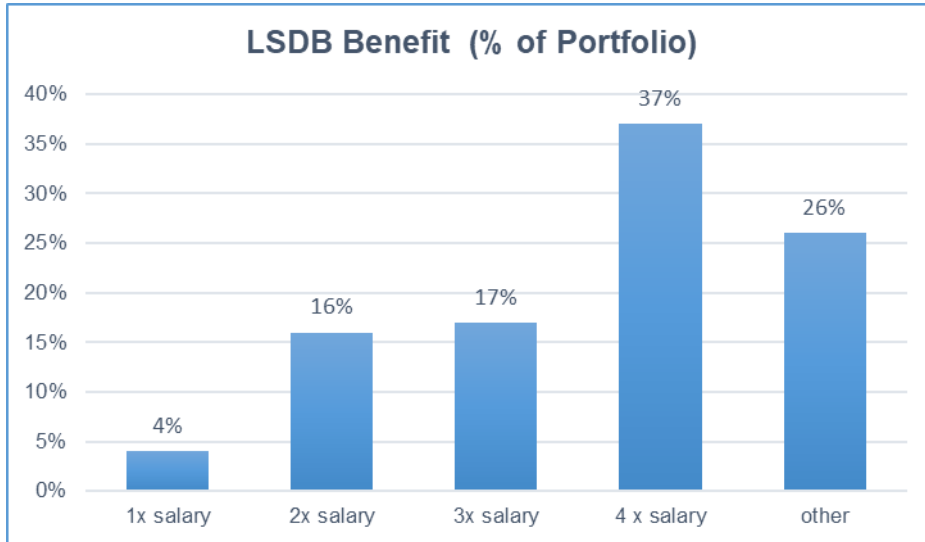
RETIREMENT BENEFITS	
Social Security Benefits	Customary Private Employee Benefits
<p><b>Automatic enrolment into workplace pensions</b> The UK government has introduced automatic enrolment into a workplace pension to encourage and enable people to save more. Employers are required by law to contribute to their workers' pensions.</p> <p>All employers must enroll eligible workers into a qualifying workplace pension scheme. These are workers who:</p> <ul style="list-style-type: none"> <li>• are not already in a workplace pension scheme;</li> <li>• are at least 22 years old;</li> <li>• have not yet reached State Pension age;</li> <li>• earn more than the minimum earnings threshold; and</li> <li>• work or ordinarily work in the UK (under their contract).</li> </ul> <p>Workers can opt out if they want to and can ask to opt back in. However, every three years, employers must automatically re-enroll workers who meet the criteria.</p> <p>The qualifying standards for a UK registered scheme to be suitable for auto-enrolment vary by the type of scheme.</p> <p><b>Money purchase schemes</b> – From April 2019 there must be a minimum level of contributions; 3% salary from employers, 4% from employees with tax relief of 1%. Higher contributions can be made if desired.</p> <p>Pensions are funded via a trust or by a contract with an insurer, with investment often through Managed Funds. The default funds that the scheme offers must have annual charges that are less than 0.75% of the funds under management.</p> <p><b>Defined benefit schemes</b> – The usual standard is that there is a minimum benefit level based upon comparison with a Test Scheme. This broadly means the scheme must provide a pension of at least 1/120th of average band earnings for each year of service, payable from age 65. Alternative quality tests are available.</p> <p><b>Hybrid schemes</b> – Where there is a mix of money purchase benefits and defined benefits, both criteria will need to be applied as appropriate.</p> <p>Employers could choose to use their own existing scheme(s) if they wished. There is probably a good chance that their existing scheme meets the minimum standard. But if not, they could amend the scheme so that it does meet the minimum standards, or set up a new qualifying scheme.</p> <p>A number of multiple employer schemes exist, commonly known as Master Trusts. These are money purchase schemes and The Pensions Regulator maintains <a href="#">a list</a> of those meeting high standards of quality.</p> <p>An employer could use any combination of these options to fulfill their duties.</p> <p>Further information <a href="http://www.thepensionsregulator.gov.uk/en/employers">http://www.thepensionsregulator.gov.uk/en/employers</a></p>	<p><b>Retirement Pensions</b> In recent years, there has been a shift from defined benefit arrangements to money purchase arrangements (DC schemes) as a result of increasing cost. Schemes would typically aim to provide a maximum retirement pension of two-thirds salary.</p> <p>The current taxation rules were first introduced in April 6, 2006 (commonly referred to as A Day). From April 6, 2015 new rules came into effect around how pensions are taxed when taking benefits, offering more flexible retirement arrangements:</p> <ul style="list-style-type: none"> <li>• There is no limit on the contributions that can be made to a pension scheme or the benefits that can be received. For registered schemes, there are, however, limits on the amount of tax relief available.</li> <li>• Tax relief is available on all employer contributions and for employee contributions up to 100% of annual earnings (up to an annual allowance, which is currently GBP 40,000 in most cases).</li> <li>• An individual's pension pot (including any benefits taken from the pot or lump sum death benefits paid but excluding any death in service pensions paid) is subject to tax if it exceeds "Lifetime Allowance" (currently GBP 1 million).</li> </ul> <p>If the scheme rules allow, an individual can take up to 25% of their pension fund as a tax-free lump sum. Up to 3 "small pots" of under £10,000 can be taken as tax-free lump sums.</p> <p>For a DB scheme the benefit will be paid as a pension. Retirement pensions received are subject to income tax.</p> <p>For a DC fund the member has a range of choices, summarized as:</p> <ul style="list-style-type: none"> <li>• Purchase an annuity for guaranteed lifetime income</li> <li>• Remain invested in the fund but "drawdown" income either on a regular basis or as required</li> <li>• Take all the fund as a lump sum</li> </ul> <p>It is not necessary to choose only one option and it is possible to mix solutions.</p> <p>The over arching rule on tax is that withdrawals above the tax-free lump sum are treated as income in the year that they are received.</p> <p>The government has developed a website <a href="https://www.pensionwise.gov.uk/">https://www.pensionwise.gov.uk/</a> to guide people through the decisions they can make.</p> <p>Flexible retirement is possible, allowing people in pension schemes to continue working while drawing their pension. Indeed if employees meet the criteria for automatic enrolment, they need to be enrolled.</p>

### Benchmarking Information (based on Network Partner's portfolio)

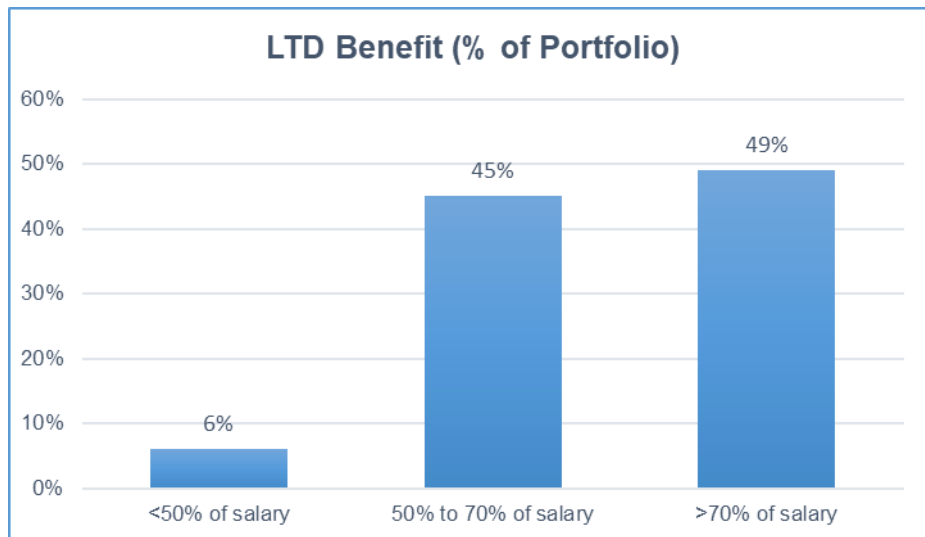
	%
<b>Group Life Coverage</b>	
Death benefit	100%
AD&D	
Survivor's benefits	
Employer contribution only	
<b>Disability Coverage</b>	
Long term disability	100%
Short term disability	
Employer contribution only	
<b>Healthcare Coverage</b>	
Hospitalisation	100%
Dental	
Vision	
Critical Illness	
Employee Assistance programme	75%
Employer contribution only	100%
<b>Retirement Plans</b>	
DC	
DC - Employer contribution only	
DB	
DB - Employer contribution only	
<b>Other</b>	
Wellness& Wellbeing Programmes	<p>Yes - an Employee Assistance Programme, Employee Perks and Best Doctors are offered with Canada Life's GIP product.</p> <p><b>WeCare</b> is available to all Canada Life's CLASS and Group Income Protection customers at no extra cost. It can be accessed by all employees, whether insured or not, as well as their immediate family members. WeCare provides an extensive range of virtual services delivering holistic support to improve the medical, mental, legal and financial wellbeing of today's employees. Available through a simple app, the service provides easy access to 24/7 GP consultations, mental health support, get fit programmes and much more.</p>
Flex benefits	Yes, for all products



Group Term Life Benefits



Disability Benefits



### Trends

The UK suffers the same increasing medical costs for the same reasons as the rest of Europe. Corporate customer interest is growing in employee mental health and non-indemnity wellness solutions with increasing use of digital.

**Swiss Re** carries out an annual survey of business in the insured Group market. The benefit trends below come from their data:

#### Group Life Assurance

Overall the group life market is growing. At December 31, 2016 just over 9 million people were insured which had risen to 10.5 million at December 31, 2021.

There has been particular growth in the use of Excepted Group Life Policies where coverage has doubled from 644,000 at December 31, 2016 to 2,023,431 at December 31, 2021.

However the number of people covered for a death in service pension, payable to surviving spouse or partner is reducing. At December 31, 2016 over 375,000 people were insured for a group life lump sum which had fallen to 174,137 at December 31, 2021.

#### Group Income Protection

The Group income protection market has seen steady growth over the last few years, with 2.3 million people insured at December 31, 2016 and 2.9 million insured at December 31, 2021.

An increasingly large number of people are covered by limited term schemes where the benefit may last for a fixed maximum period, often 5 years. In 2009 17% of members had this cover, rising to 36% in 2016 and 51% in 2021.

#### Group Critical illness

The Group Critical Illness market is the fastest growing area of the market, although the increase is slowing. The number of insured lives rose from 586,000 in 2016 to 697,300 at the end of 2021.

Most of the insured cover (approximately 70%) is within flexible benefit schemes where the employee funds their own cover. Thus this business line is not available for pooling.

### Group Life Assurance

#### Example 1

Eligibility:	All permanent and fixed term contract employees of the employer who are both employed and resident in the UK.
Cease age:	75
Lump Sum benefit:	4x salary
Salary definition:	Basic annual salary at date of death

#### Example 2

Eligibility:	All permanent employees of the employer who are both employed and resident in the UK.
Cease age:	75
Lump Sum benefit:	Default benefit: 4x salary With the option to flex up to 10x salary in 1x salary steps
Salary definition:	Basic annual salary at date of death

### Group Income Protection

#### Example 1

Eligibility:	All permanent employees of the employer who are both employed and resident in the UK.
Cease age:	State Pension Age
Basic benefit:	75% of salary
Salary definition:	Basic annual salary at date of disability, plus bonuses averaged over the preceding 3 years
Pension contributions:	Pension scheme members – 5% of salary Non pension scheme members – Nil
National Insurance contributions:	At the contracted in rate
Deferred Period:	26 weeks
Escalation:	3%
Definition of Disability:	Own occupation
Payment term:	To the scheme cease age

#### Example 2

Eligibility:	All permanent employees of the employer who are job grade X and who are employed and resident in the UK.
Cease age:	State Pension Age
Basic benefit:	50% of salary
Salary definition:	Basic annual salary at date of disability
Pension contributions:	Nil
National Insurance contributions:	Nil
Deferred Period:	52 weeks
Escalation:	Nil
Definition of Disability:	Suited occupation
Payment term:	5 years



## Useful Links

Demographic information:

[CIA World Factbook](#) (please select the country to review)

Macro-Economic indicators:

[CIA World Factbook](#) (please select the country to review)

More information on the IGP Network Partner:

- AXA Health:
- Canada Life:

[IGP – Your Local Link in UK](#)

[IGP – Your Local Link in UK](#)

AXA Health:

[www.axahealth.co.uk](http://www.axahealth.co.uk)

Canada Life:

<http://www.canadalife.co.uk/group/Default.asp>