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8 Nursery Court,
Kibworth Business Park,
Harborough Road,
Kibworth,
LE8 0EX

0116 279 1919
info@beckettinvest.com
www.beckettinvest.com

The Popularity of Health Cash Plans

We're finding that Employee Benefit budgets seem to be squeezed as employers are asked to find the cost of increased pension contributions with auto-enrolment and a rise in the National Living Wage. However, unlike other employee benefits, Cash Plans continue to grow.

A possible reason for the growth of the Cash Plan market could be the stagnation of the medical insurance market. With medical insurance premiums ever increasing, organisations may see Cash Plans as an alternative to PMI - particularly with recent rises in IPT.

HOW CASH PLANS ARE DIFFERENT

Cash Plans are very different from most insurance products in that they are designed for frequent use for everyday costs rather than infrequent use for large expenses. As a consequence, they are very visible with the majority of the workforce experiencing the benefit.

TRENDS

A trend we have noticed recently is more companies providing Cash Plans for employees who don't qualify for PMI. Medical insurance is a costly benefit to extend to a wider population and so many employers use a Cash Plan to bridge the gap between their senior people, who receive PMI, and their other staff.

VERSATILITY

Part of the success of Cash Plans may be due to their versatility. Bespoke plans - where the employer is able to select their benefits and set the benefit limits - have been around for a few years now and are usually available for schemes of over twenty members. Such plans allow employers to select a policy that will suit the needs of their workforce and work with the other benefits already in place.

NEW BENEFITS

In recent years, Cash Plan providers have been offering new benefits on their schemes alongside the traditional dental and optical benefits. These include access to employee assistance programmes (EAPs), health screening and maternity benefits.

Leading provider Healthshield now offers mental health provision, cancer screening and physiotherapy triage. They have also acquired workplace health screening provider Prevent with the aim of further extending their screening capabilities.

LARGER APPEAL

With new wellbeing benefits being offered, Cash Plans are now more relevant for the entire workforce rather than just being provided to help lower earners.

To discuss any of the issues raised in this article, you can contact Gareth Carroll, Associate Director, on 0116 279 1912 or gareth.carroll@beckettinvest.com

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Registered Office: Dettingen House, Dettingen Way, Bury St. Edmunds, Suffolk, IP33 3TU