

Flexible benefits the answer to cutting costs?

FLEXIBLE benefit schemes are a key to cutting overheads during the current banking crisis, according to an expert.

At a time when most businesses are looking at cutting costs, Paul Jackson, employee benefits manager at Taylor Patterson, the Preston and Sheffield based financial advisers, says that offering benefits is an ideal way of reducing the tax bill.

Offering benefits such as bike loans and childcare vouchers can cut costs in terms of tax and National Insurance(NI) payments made by the employer.

The benefits are usually long term in nature, but Paul Jackson suggests if a business is not currently offering flexible benefits, there is still much to be gained from introducing them to a workplace.

He said: "There are many options, including health screening, training and salary sacrifice pension schemes. Essentially a member of staff will decide to give up a small portion of their salary which is then used to provide a benefit free of tax and NI. Employers can usually save more than ten per cent on NI payments.

"In the short term, introducing flexible benefits can have a cost, as it will be necessary to pay for the transition of a former scheme. However, the benefits to a business as well as its staff will more than make up for this.