

Phillip Hollingdale Technical view

Uniting flex portals with corp wrap

Employers need help with their reward strategy and corporate wrap can play a big part in that. But corporate wrap on its own, as a standalone solution, won't help the bigger issue, which is that most employees don't understand the benefits they are given today, even the simple ones. Presenting them with sophisticated asset allocation and financial modelling tools isn't the answer. It is part of the answer, but it won't address a big concern for employers which, put simply, is that they are not getting a good return on investment with their benefits spend, and in today's economic climate that's not sustainable.

Why would an employer put in a standalone corporate wrap platform – what's in it for them? Yes, it is a way of enhancing the appeal of the pension, probably the most expensive benefit, but it's only addressing a small part of the business requirement. And what about the employees, are they really interested? We know that flexible and voluntary benefits, including discounted bicycles, season ticket loans and the ability to trade holiday entitlement, is going to be more interesting to most employees than a group self-invested personal pension (Sipp) or group ISA.

Employers want to show employees a consolidated view of all of their benefits, through one portal, and give them choice from a wide range of financial and lifestyle benefits. Implementing a benefits portal can be the first step on a journey to flexible benefits (flex). The benefits portal is helping employers clean, consolidate, communicate and interrogate their benefits data, get their employees used to online self-service and help them get a better understanding and appreciation of the benefits provided.

A benefits portal integrated with corporate wrap presents a good opportunity for product providers, as these portals are a gateway to a mass consumer market that is being encouraged to consider benefits and financial wellbeing in the workplace. So when employees look at their reward statement and choose their benefits, they can be encouraged to consider the broader pension and savings options the corporate wrap provides.

Integration with a benefits portal, under the employer's brand, positions the wrap as part of the overall package of benefits, hence, contributing to the employer's strategic HR objectives around recruiting, retaining and motivating talent, rather than as a standalone platform for

KEY POINTS

- Corporate wrap will help employees engage with their workplace pensions and savings

- Flexible benefits are more immediately appealing to employees

- These two strategies combined will deliver a powerful staff engagement and retention tool for businesses

marketing products to employees. Positioning the wrap in this context increases its appeal to both employers and their staff. Employers are more likely to endorse and promote the wrap; employees are more likely to use it.

If benefit portals and corporate wrap are offered as separate solutions there will be issues with data duplication, different user interfaces to navigate through, no consolidated view of the employees' total wellbeing, restrictions around movement of their assets and utilisation of their full spending capability.

With a broader combined proposition there are many benefits for the employer, the employee, the distributors and the providers. We can take them on a journey starting with improved communication; after all, if they don't understand the concept of some of the most basic benefits, how will they make sense of sophisticated asset allocation and financial modelling tools?

Get them use to online self-service and self-education, address their immediate needs with discounted lifestyle benefits, help build the business case and budget by using the tax benefits of salary sacrifice, and start to introduce broader flex choices. Then introduce them to full flexible wealth, where they can view and manage their complete financial wellbeing with corporate-sponsored benefits and personal assets through one portal. And when auto-enrolment arrives, we'll be well positioned to maximise the potential of worksite marketing and invite employees to enrol into a broader suite of benefits.

Corporate wrap has a place in the market and we can see why providers want it out there, and how the consumer and distributors will ultimately benefit. Flex and wrap platforms will compete unless they join forces. As they are today, I predict flex benefit portals will beat corporate wrap in the race for the desktop and share of the customers' wallet. Employers get more quick wins from flex portals than they can from corporate wrap, and employees will respond more positively to lifestyle flexible benefits than they will to a pension and savings wrap.

I would like to see flex portals and corporate wrap together. That would be a compelling proposition for all parties. It would create broader appeal to the sponsor, more engagement for the user, more motivation for the seller and alternate methods of remuneration for the manufacturers. Flex portals should be seen as the wrapper on the wrap.

Phillip Hollingdale is the founder of Staffcare