

PENSIONS

Employer Contributions

Employer contribution rates for defined contribution plans are set in the scheme rules. An organisation may elect to set one fixed rate for all staff regardless of age, length of service or seniority, or may decide to vary contributions in line with one or more of these factors. The factors which influence employers' contribution rates are indicated below.

FACTORS DETERMINING LEVEL OF EMPLOYER CONTRIBUTION

% Companies

| | 2009 | 2008 | 2007 |
|--------------------------------|------|------|------|
| Fixed rate for all staff | 47 | 46 | 50 |
| Seniority | 7 | 7 | 5 |
| Length of service | 7 | 9 | 9 |
| Age | 22 | 22 | 24 |
| Employee contributions | 9 | 7 | 2 |
| Seniority and age | 2 | 3 | 3 |
| Service and age | 1 | 1 | 3 |
| Seniority and service | 4 | 4 | 4 |
| Employee contributions and age | 1 | 1 | - |

Exclusions in the recent Age Discrimination legislation, which permit the use of age-related contribution rates, have meant that 26% of schemes continue to use age as a determinant of employer pension contributions. This has dropped from around 30% four years ago.

Fixed Rate Employer Contributions

The table below gives median, lower and upper quartile figures for the level of employer contribution rates where the rate is the same for all staff regardless of age, status or service. The most popular rate of employer contribution, made by 38% of those companies with a fixed rate of contribution, is 10% of pensionable pay.

EMPLOYER CONTRIBUTION RATE (WHERE FIXED)

% Pensionable Earnings

| | 2009 | 2008 | 2007 |
|----------------------------|-------------|-------------|-------------|
| Lower Quartile | 9.0 | 9.0 | 8.0 |
| Median | 10.0 | 10.0 | 10.0 |
| Upper Quartile | 10.0 | 10.2 | 10.5 |
| <i>Mode (Most Popular)</i> | <i>10.0</i> | <i>10.0</i> | <i>10.0</i> |

OTHER BENEFITS

Lunch Benefits

Thirty-eight percent of organisations (39% in 2008) provide some form of subsidised lunch arrangement for staff, typically through the provision of luncheon vouchers or a cash allowance. A small minority offer a free or subsidised staff restaurant.

The table below indicates the percentage of participating companies providing lunch benefits to the majority of their staff. Five percent of companies provide lunch benefits to junior staff only.

LUNCH BENEFITS

% Companies

| | 2009 | 2008 |
|-------------------|------|------|
| Free meals | 3 | 4 |
| Subsidised meals | 4 | 4 |
| Luncheon vouchers | 11 | 11 |
| Lunch allowance | 20 | 20 |
| No lunch benefits | 62 | 61 |

The number of companies providing luncheon vouchers as compared to a cash allowance has remained the same as in 2008, after falling over the previous few years.

The annual value of vouchers where provided, is substantially lower than the value of cash allowances. We note, however, that the median value of vouchers has risen 33% in the last two years whereas the median value of allowances is unchanged over the same period.

Some organisations pay lower amounts to senior staff than to junior staff but the incidence of this is small and does not impact the figures shown.

VALUE OF LUNCH VOUCHERS/ALLOWANCES

£ per annum

| | Vouchers | Cash Allowance |
|----------------|----------|----------------|
| Lower Quartile | 300 | 500 |
| Median | 480 | 660 |
| Upper Quartile | 720 | 910 |

Lunch benefits are typically based on 240 working days, excluding holidays and bank holidays. A number of companies report that lunch allowances or vouchers are not paid when the staff member is absent from work i.e. when on holiday, during sick leave or other leave.

HOURS AND LEAVE

Accrual of Holiday Pay

A recent (June 2009) House of Lords decision on holiday pay has determined that employees can accrue and be paid for statutory holiday while on sick leave. Hence those on long term sick leave can claim full pay for their statutory holiday pay, even if their sick pay entitlement has expired. Employers with employees claiming on the company's Permanent Health Insurance Scheme may be obliged to 'top up' payments to cover statutory holiday. The decision also permits claims for unpaid holiday to go back over a number of years in certain circumstances.

Other Paid Leave

Many organisations offer additional paid leave for specified events such as military service, marriage or moving house. In many instances, particularly for compassionate leave, organisations do not impose a strict limit on the number of days available, permitting line managers to use their discretion on an individual basis. Where military or study leave is given it is not unusual for companies to require the individual to match the paid leave given with days taken out of their annual holiday entitlement.

PAID LEAVE GIVEN

% Companies

| | Paid Leave on Discretionary Basis | Set Limit on Number of Days | No Paid Leave Given | Median Number of Days | Mode (most popular) Number of Days |
|--------------------------------|--|------------------------------------|----------------------------|------------------------------|---|
| Military service | 16 | 35 | 49 | 5 | 5 |
| Marriage | 8 | 57 | 35 | 2 | 1 |
| Moving house | 4 | 45 | 51 | 1 | 1 |
| Compassionate (close relative) | 61 | 39 | 0 | 3 | 3 |
| Compassionate (other) | 73 | 20 | 7 | 1 | 1 |
| Religious holidays | 20 | 6 | 74 | 1.5 | 1 |
| Christmas days | 3 | 25 | 72 | 1 | 1 |
| Exam/study Leave | 51 | 32 | 17 | 5 | 5 |

For information on maternity, paternity and parental leave please see section 10, Other HR Policies.