

Employee benefits briefing, February 2026

Employers in all sectors are trying to control costs while optimising their employee benefit budget to attract, retain and sustain a healthy, productive workforce. How can they achieve this?

In this briefing, our specialists explain how it's possible to extend your employee benefit package and potentially reduce your premiums at the same time.

Making better use of your existing employee benefits

Many employers we work with are redesigning their private medical insurance policies to align coverage to their budgets and employee needs. This gives improved value for money on spend and can even uncover premium savings.

Others are making the most of the complimentary wellbeing services – often underutilised – offered as part of group protection and healthcare products. This provides an extra layer of employee support without additional spend.

Early intervention services, available as part of group income protection schemes, are increasingly recognised as an effective way to reduce absence and improve return-to-work outcomes by supporting employees as soon as problems arise.

What we suggest

Audit your healthcare policies and wider benefits with your employee needs in mind. Make sure your benefits are fit for purpose, delivering measurable impacts on both employee health and wellbeing as well as on your bottom line. Check for any overlap and potential cost savings.

Making greater use of data

Best practice in benefit planning means narrowing down from a *spray and pray* approach to more targeted investments.

While well-intentioned employers previously offered extensive (and expensive) benefit packages, it's now easier than ever to base health and wellbeing programmes on data-informed decisions.

Some employers are investing in AI and data analytics to identify specific organisational needs. For those with smaller budgets, readily accessible internal data such as sickness records and private medical insurance claims can provide valuable insights.

This data includes workforce demographics such as:

Age and gender	Understanding how health and wellbeing needs change across life stages. For example, the needs of older employees may differ from those of their younger colleagues.
Lifestyles and life journeys	Tailoring benefits to individual personal situations and family structures.
Neurodiversity	Making benefits and support systems inclusive and accessible.
Health issues	Addressing common health concerns proactively to improve overall wellbeing and productivity.

What we suggest

Although most organisations have this data at their disposal, many are missing a great opportunity to use it to support employee health and productivity.

Updating the employee experience

A high-quality benefit package is only effective if it's personalised and visible across the workforce.

Providers often provide intuitive mobile apps for employees. This helps employers to move to a year-round engagement model that makes available support more visible and effective.

What we suggest

Align your benefits communication strategy with your employees' life experiences. Deliver targeted messaging around key milestones and life events – such as health challenges, parental leave and career progression – as well as seasonal operational peaks.

Value for Member

Amid all the pension governance and compliance requirements that pension provision brings, it's easy to lose sight of the pension scheme member.

Value for Member (VFM) remains a key measure of the contribution pension schemes make to individual long-term financial wellbeing.

In 2026, VFM means so much more than the charges payable by members. It's a much broader view of outcomes, member experience, and the employer's role in strengthening engagement and retirement adequacy.

With employees facing heightened financial uncertainty, inflationary pressures and shifting retirement patterns, many schemes are investing in improved member outcomes. These may include better default fund design, clearer communication, and digital tools that help members understand their pensions in real time.

In line with this, trustees and employers are expected to evidence how the various elements of their scheme – cost, performance, service and governance – work together to deliver measurable value for members.

VFM assessments may also reflect the broader benefits landscape. As organisations refine their health, wellbeing and financial support strategies, pensions should be seen as an integral part of a personalised, year-round engagement model.

Employers that align contributions, guidance and communication with the employee lifecycle achieve stronger participation and retirement readiness.

What we suggest

Employers should see VFM reviews less as a compliance exercise and more as a strategic tool – analysing performance data, member behaviours and provider capabilities to help their scheme deliver sustainable, long-term value for every employee.

Salary exchange – preparing today for tomorrow's pension landscape

2026 is set to be a pivotal planning year. Many of the organisations we speak to are already reshaping their salary exchange arrangements ahead of the April 2029 reforms.

These reforms will cap National Insurance relief on pension salary exchange at £2,000 per year. They will significantly reduce National Insurance contribution (NIC) savings for higher earners and those making larger pension contributions.

Many employers are using the long transition period to assess workforce impact, remodel contribution structures and update reward strategies – particularly where NIC savings have historically helped to fund enhanced pension contributions or wider benefits.

What we suggest

Many organisations are starting to see salary exchange not as a pure cost-efficiency mechanism but a more strategic tool that supports financial wellbeing and pension adequacy.

Begin scenario-modelling now by identifying which employee groups will cross the £2,000 threshold. Then quantify employer cost exposure, and redesign contribution structures and communications to ensure a smooth transition ahead of 2029.

[Get in touch with our specialist team](#) to discuss how group protection and complimentary services can help your organisation.

Or [find out more about our employee benefit services](#).