

Market and Benchmark Insight Report for Ireland — 2021

Competitive benefits consulting and administration for local and multinational employers operating in Ireland

Introduction

Founded in 1948 by the Glennon family, Glennon now employs over one hundred staff.

Glennon is a dynamic, tightly focused organization constantly seeking to grow and innovate. Our success is based on the quality and efficiency of our services and our ability as a team to deliver total client satisfaction in the creation of effective solutions for our clients. We achieve this by maintaining a proactive and creative approach, combined with a total commitment to client service.

At a time of unprecedented globalization and growth, understanding complex global business issues, needs and labor requirements is essential. Through our partnership in Asinta, Glennon Employee Benefits is able to meet the needs of our multinational clients operating in Ireland, and in concert with all of our broker partners in the U.S., UK and around the world.

We are delighted to be Asinta's Partner in Ireland, and hope this overview is of value to you. If you have any question or queries regarding your Ireland employees, we will be happy to assist.

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1. Ireland's Benefits Landscape

Employee benefits in Ireland are integral to every multinational employer's attract and retain strategy. While there are commonalities with other jurisdictions there are also nuances to the landscape here and some notable differences.

Some of the key factors which strongly influence the design and roll out of a benefits program are:

- Employer Sector
- Competitor Benefit and Salary Levels
- Geographic Location
- Global Benefits Strategy and View with Regard to Harmonization
- Recruitment Timeline
- Entity Establishment



Employer Sector

Benefits vary widely according to industry type. For example, we see generous benefits in the financial services, high-tech, and professional services sector. However, in the retail and hospitality sectors, benefits are less comprehensive. We can provide sector specific benchmarking and advise on appropriate benefit design.

Competitor Benefits and Salary Levels

Competitor benefit offerings will influence the expectations of potential candidates. Similar companies that an employer may be seeking to recruit from will impact the expectation of potential candidates. Salary levels will also impact benefit provision. In lower paid industries, you may find only senior managers are provided with supplemental or higher levels of employee benefits. However, if you have employees with substantial salaries, these staff members may have limitations applied to pension contributions or require additional sums insured for risk covers above the group non-medical / guaranteed issue limits, and these need to be assessed on an individual basis.

Geographical Location

The location of employees can influence benefit provision and salaries. Costs will be higher in Dublin, Cork, and Galway and will be at a lower level in Sligo and Wexford.

Other Factors That Have Impacts to Rollout

The view of the Global Benefits Manager with regard to locally appropriate or globally harmonized benefits is an important consideration. This goes along with the urgency of the recruitment process and the status of the company / entity establishment with the Revenue Commissioners and Company Registrations Office.



2. Overview of Benefits in Ireland

The employment legislation in Ireland tends to favor employee time off protections and extended periods of leave for life events such as the arrival or presence of children. However, the financial supports offered in the social security system are designed to effectively meet the bare necessities of life. Private pension provision is not mandatory for employers to contribute to currently and optional for employees. The levels of private sector pension provisions are comparatively very low when compared to other developed countries. The State pension age is currently 66. The public health system is sizable, and is reasonably well-funded from a public user's perspective, but it is often seen as slower than the private medical system.

Health insurance is the most valued and popular employee benefit in Ireland, and it seems that it will continue to be, along with pension, life, income protection, and long-term disability insurance solutions.

Pension schemes are increasingly offered by companies and are most valued by employees from higher age groups and earnings brackets.

There is a continued interest in defined contribution plans. Most new schemes implemented by employers are defined contribution plans with the possibility of voluntary individual contributions made by employees.

Despite that, other social benefits are being valued more and more such as gym memberships, paid canteens, commuter benefits, and gift cards.





3. Mandatory Benefits

The range of benefits that are typically available to employees in Ireland are shown in this table.

Benefit	Comments
Personal Retirement Savings Account (PRSA)	Currently all employers in Ireland are required to provide access to a Personal Retirement Savings Account (PRSA) Facility to any excluded employees. Excluded employees are defined as those who are not offered membership of an occupational pension scheme within 6 months of joining service / employment. The employer is not required to contribute to the PRSA currently, however they must facilitate the arrangement of a PRSA for any staff who wish to make contributions to provide for their own retirement and provide tax relief at source via their payroll.
Employee Leave	All workers are legally entitled to a range of mandated leave periods including: Paid Annual Leave of 20 days off where working over 1,365 hours per year. Cannot commence leave year with less. Paid Public Holidays of 9 days off on the holiday itself, or a paid day off that month, or an extra day of leave, or an extra day of pay. 26 weeks State paid maternity leave, (employer payment not mandatory) plus 16 additional weeks unpaid. A range of other leave periods are available and further detail included below.

4. Voluntary / Common Employer Funded Employee Benefits

Group Life Assurance / Death-in-Service Schemes

Many employers provide this benefit as it tends to be one of the most cost effective. There is no tax implication for the employee on the premiums, and it is of significant value as a protective measure should an employee pass away and leave their financial dependents encumbered by debt or significant loss of household income. The sum generally depends on the sector, and 4 x base salary would be deemed a good level of benefit. These schemes are established under trust and the benefit can potentially be paid out quickly and outside of probate.

Group Income Protection

Less common than Group Life Assurance, primarily due to higher premium cost, this benefit is extremely meaningful as a means of providing a replacement income for employees who are long term ill, or disabled, and are unable to continue in their role. Carriers will insure up to 75% of salary (inclusive of the state disability benefit). Employees serve a deferred period before claims payments commence. This is most commonly 26 weeks, and can be extended to 1 year and shortened to 13 weeks, which reduces or increases premium cost respectively. Ordinary employer and employee pension contributions can also be insured as well as the cost of Group Life Assurance premiums for the absent employee. Payments can continue up until retirement age where the employee remains verifiably unwell and unable to return to their role. There is no tax implication on premiums for the employee, however, the benefit paid under claim is taxable as income via payroll.



Group Medical and Dental

Private Medical Insurance remains one of the most popular benefits either paid partially or in full by the employer. Premiums paid by the employer on behalf of the employee are subject to taxation as a Benefit-In-Kind. There are 3 providers in the Irish marketplace and over 300 plans. At a company plan level, there are 3-6 plans per provider that are common to the employer paid plan market. These include:

- EAP service
- Telemedicine
- Good coverage for in-patient hospital stays
- Outpatient procedures
- Consultants visits
- Day-to-day benefits such as visits to general practitioners, physiotherapists and other practitioners.

The provision of wellness programs from these providers is an ancillary benefit of having a group scheme and app based mental and physical fitness can underpin and support an overall employer wellness strategy.

Dental Insurance is available in Ireland, but is far less common. It is generally a paid benefit offered to employees where there is an overseas parent company that is seeking to harmonise benefits with a home jurisdiction. Interest in this benefit has been slowly growing with domestic companies too in recent years. Dental is also subject to Benefit-In-Kind taxation.

Occupational Pensions / Company Pension / Group PRSA / Executive Pensions and Occupations Pensions under a Master Trust

For employers that do contribute to a pension for employees, there are a number of structures available and the selection of which can depend on a number of factors. These include business structure, number of employees and headcount growth projection, remuneration and recruitment strategies, parent company practices in other jurisdictions and industry benchmarking. Across all sectors, for employers that offer a pension with an employer contribution, the average level is 5%-6%. Additional employee voluntary contributions are also possible.

All of the above insured benefits will help to attract and to retain staff. Glennon can assist you in creating an appropriate benefits package for your employees in Ireland to help you achieve your long-term employee recruitment and retention goals.





5. INSURED BENEFITS – DESIGN AND TYPICAL COSTS

Below we have shown the most popular insured employee benefits in Ireland and typical levels of cover.

Benefit	Comment/Cost	Lower Quartiles Approach	Medium Quartile Approach	Upper Quartile Approach
Medical and Dental Insurance	The most valued benefit by employees. Employees have access to in-patient and outpatient benefits in both Private and Public Hospitals, Day-to-Day expenses reimbursements, and ancillary benefits such as Online Doctor and EAP tend to be included.	Only employees are covered.	Family members (spouse and children) can be also covered but at employee's expense.	All staff and dependants covered at employer's expense.
Life and Income Protection / Long Term Disability Insurance	Typically, group life insurance schemes include lump sum benefits in case of death, accidental death and disability and usually amount to a multiple of each employee's salary for Life and a taxable replacement income for Income Protection, normally available following a 13 or 26 week deferred period.	Only senior staff covered. Sum insured equal to 1-2 annual salary for life and for income protection based on 2/3 Base Salary following 26 weeks of continuous illness.	All staff covered. Sum insured equal to 3 annual salaries for Life and for income protection based on 2/3 Base Salary following 26 weeks of continuous illness.	All staff covered. Sum insured equal to 4-6 annual salaries for life and for income protection based on 75% Base Salary following 13-26 weeks of continuous illness – sector appropriate.
Pension	Defined contribution scheme. Funding through an insurance contract. Pay out via lump sum, annuities or approved retirement funds or taxable cash or a mix of two or more of these subject to scheme rules.	No employer contribution, PRSA facility only.	Contribution equals 2% -5% of each employee's base salary on a matching employer / employee basis.	Contribution equals 7-10% or more of each employee's salary.



6. Voluntary Employee Perks

Subsidized Food / Social Committees and Events

This can include everything from vending machines, to juice and smoothie bars, baristas and coffee docks, onsite restaurants / canteen facilities and alcoholic beverages at week's end or to mark special occasions. Sponsored events / work nights out and charity events are popular.

Additional Paid Leave

The ability to trade other benefits in exchange for additional day's paid-leave and other flexible working arrangements remains popular.

Tax-Saver Commuter Benefits

For this benefit, the employer pre-purchases a monthly or annual bus/tram/rail ticket, and the employee repays the cost from their pre-tax salary, saving up to 52% on the normal cost. The scheme can be operated in-house through payroll, or through a third-party benefits vendor.

Subsidised Gym Membership / Fitness Supports / Sports Committees

Large employers may have gym facilities onsite, and if not they may partner with a local gym or offer a discounted gym membership through a third-party benefit provider. They may also offer yoga / Pilates classes on site weekly, coupled with the formation of regular cycling, running, walking events (step challenges), tag rugby, soccer, and GAA (Hurling, Football) teams.

The Cycle-To-Work Scheme

For this, the employer pre-purchases bicycles and related safety equipment to a value of up to €1,250 or €1,500 for electric bikes, and the employee repays the cost from their pre-tax salary, saving up to 52% of the normal cost. The scheme can be operated in-house through payroll, or through a third-party provider. This has proven to be hugely popular.

7. State Funded Benefits

Death Benefits / Widow / Widower's Pension – Contributory

A spouse's pension is payable to the widow/widower, if the contribution conditions are met on either the late spouse's pay related social insurance (called Pay Related Social Insurance or PRSI), or the surviving spouse's own PRSI record at the date of death. The two PRSI records may not be amalgamated in order to qualify.

Illness Benefit

A person may qualify for the State Illness Benefit if they cannot work due to a medical practitioner certified illness. The person must be under 66 years of age and have been making social insurance contributions (PRSI). Employers are not required to pay sick pay in Ireland, although many do at varying levels.

Invalidity Pension

A state invalidity pension is available, instead of a flat rate Illness benefit, to insured persons who have been incapable of work for at least 12 months and who satisfy the contribution conditions. Normally, before qualifying for an invalidity pension, an insured person will have received illness benefits for at least 12 months.

Public Health Services

Any person ordinarily residing in the Republic of Ireland can access the public health system, and depending on their income level, will have to pay to a certain level for this or be eligible for fully state funded care. There is a large network of private hospital care available by paying for the care yourself, through private medical insurance or combination of the two.

The State Pension

Applicants must be age 66. They must also meet the requisite number of social insurance contributions paid over their working life and other specified criteria.



Maternity Benefit

Maternity benefit is a payment for employed and self-employed women who satisfy certain PRSI (Pay Related Social Insurance) contribution conditions on their own insurance record. Maternity benefit is normally payable for 26 weeks. Employers are not required to supplement this although many do.

Leave Periods

There are a number of leave periods permitted in Ireland and enshrined in legislation in addition to normal annual leave. We include some links to these below for reference;

- [Maternity Leave](#) (as above)
- [Parental leave](#): Gives parents the right to take 22 weeks' unpaid leave from work to look after their children aged under 12
- [Paternity leave](#): New parents (other than the mother of the child) can take 2 weeks' leave in the first 6 months after the baby is born or adopted
- [Parent's leave](#): Gives parents the right to take 2 weeks' leave to look after their children aged under 1
- [Adoptive leave](#): For men adopting alone and adoptive mothers
- [Force majeure leave](#): For people who need to take time off work urgently because of an injury or illness of a close family member
- [Carer's leave](#): For people who need to take time off work to provide full-time care for someone who needs it.

State funded benefits are subject to change in line with newly introduced legislation, we recommend consulting with a local HR consultant and Governmental information sources for the most recent information.

8. Setting Up Policies

Employers often ask us to comment on how policies need to be set up in Ireland and possible restrictions that could apply.

Group Medical & Dental Insurance

- Definition of the plan's design: selection of covers (in-hospital, outpatient, dental, vision, medicines, childbirth and other secondary supplemental covers), its respective annual subsidy limits per person and eligibility.
- Market operates on a community rated system. Employer subsidized schemes may be eligible for a discount on gross premiums up to a maximum of 10% and some or all waiting periods may also be waived.
- Paperwork
 - Employer must complete and sign a Direct Debit Mandate and provide contact details to be included in a scheme rules document.
 - Employees must complete and sign a specific form with their personal data and a healthcare coverage experience/ history.

Group Life Assurance & Long-Term Disability / Income Protection

- Definition of the plan's design – selection of covers (death, long term disability), sum insured per person (a multiple of salary) and eligibility. Insuring base salary, and not bonuses or other remuneration, is the most common.
- Paperwork:
 - Employer must complete and sign an application form and trust document for Group Life Assurance. For Income Protection, an employer must complete an application form only.
 - Employees are accounted for under an annual census and are not required to complete applications unless their benefits are in excess of the Guaranteed Issue / non-medical limits.

Group Pension Plan

- Definition of the plan's design - amount of the contribution (a percentage of salary), eligibility and vesting period.



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- Paperwork
 - Employer must complete and sign a specific form and a trust deed (not required for Group PRSAs).
 - Employees must complete and sign a specific form with their personal and contribution data.

9. ONBOARDING AND POLICY ADMINISTRATION

Onboarding

In Ireland, Glennon handles the onboarding process and assists with the decisions employees have to make with regard to their pension.

Employee communication - we support the following approach to meet client needs:

- Staff presentations
- Benefit communication packets including new employee packets
- Benefit videos / Webinars
- Selection of insurance companies with portals allowing employees to have secure access to benefit data and to use the benefit, particularly in the case of Medical & Dental Insurance and Pension.

Full Benefits Administration

All of our team at Glennon Employee Benefits are, at a minimum, Qualified Financial Advisors. We provide full policy administration support. This includes any queries raised, ensuring policies are up to date, and claims.

We can liaise with employees and client payroll / providers and develop a bespoke process tree to ensure a seamless process is in place.

10. REMUNERATION

We base our costs on the requirements of the client and the time spent providing that service. Commissions payable on insured policies tend to be small, therefore a combined approach of fees and commissions tends to be the most common market practice for group business. We will be happy to discuss fee or commission options based on client requirements.

When looking at fees we consider:

- The benefits being rolled out
- The total number of active employees and projected growth
- Administrative support required including:
 - Frequency of pre-determined face-to-face client meetings and conference calls
 - Whether there is the need to directly assist your employees





11. GLENNON EMPLOYEE BENEFITS TEAM

Jeff Lord is your primary contact. Whenever needed, you can also reach out to Davin Spollen.



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