Employee benefits policy template (UK)

> Every benefit needs four things written down: who gets it, from when, whether it is contractual, and what happens to it during leave. Miss the third and you cannot change the benefit without a contract variation. Miss the fourth and you will answer the same maternity-leave question every year. The clauses below cover both, plus pension, leave, sick pay, family leave and wellbeing.

The template

Copy clauses 1 to 11 into your handbook and replace each [bracketed placeholder]. Copy it straight from this page, or download the PDF above.

1. Purpose and scope

This policy sets out the benefits [Company name] provides, who is eligible for them, and how they work. It applies to all employees from [date]. It does not form part of your contract of employment except where a clause expressly says so, and it replaces any previous benefits policy or informal arrangement.

2. Contractual and discretionary benefits

Your statutory entitlements - annual leave, statutory sick pay, family leave and pension auto-enrolment - are fixed by law and are not affected by this policy. Everything we provide above those minimums is discretionary and non-contractual: we can vary or withdraw it, and we will give [one month]'s notice in writing before we do. Withdrawing a benefit does not change any other term of your employment.

3. Workplace pension

We operate [scheme name] as our qualifying workplace pension scheme. If you are aged between 22 and State Pension age and earn more than £10,000 a year, you will be enrolled automatically and we will write to you within 6 weeks. We contribute [3]% and you contribute [5]% of qualifying earnings - the pay between £6,240 and £50,270 a year. [We contribute on total pay rather than qualifying earnings.] You can opt out through the scheme within one month of joining and your contributions will be refunded; after that you can stop contributing but the money already paid in stays invested. If you do not qualify for automatic enrolment you can still ask to join.

4. Salary sacrifice

[We offer salary sacrifice on pension contributions. You give up an agreed amount of gross pay and we pay it into your pension instead, which reduces the National Insurance both of us pay. Sacrifice cannot reduce your cash pay below the national minimum wage, and it may reduce figures based on your salary such as statutory maternity pay and mortgage assessments - we use a notional pre-sacrifice salary for [purposes] to limit that. Joining is voluntary, is a change to your contract, and is confirmed in writing.] [Delete this clause if you do not offer it.]

5. Annual leave

You are entitled to [X] days' paid holiday each leave year plus [8] bank holidays, pro-rated if you work part time. Our leave year runs from [date] to [date]. Up to [5] days may be carried into the next leave year and must be used by [date]. Full detail is in the annual leave policy.

6. Sick pay

Statutory sick pay is paid in line with the statutory rules. [In addition, we pay company sick pay of full pay for [X] weeks and half pay for [X] weeks in any rolling 12-month period, subject to completion of [probation] and to the reporting requirements in the absence policy. Company sick pay is discretionary under clause 2 and may be withheld where the absence procedure has not been followed.]

7. Family leave

Maternity, paternity, adoption, shared parental, parental, neonatal care and bereaved partner leave are provided in line with statutory entitlements, several of which are day-one rights. [We enhance maternity and adoption pay to [X] weeks at full pay.] Carer's leave of one week per rolling 12 months is available unpaid from day one. Detail sits in the family leave policies.

8. What happens to benefits during leave

During maternity, adoption and shared parental leave, all contractual terms other than pay continue - so holiday continues to accrue and non-pay benefits continue. Pension contributions continue based on the pay you would have received during any paid leave. During unpaid leave, [benefit] continues / is suspended. During long-term sickness, [benefit] continues for [period]. If you are unsure, ask [role] before you assume.

9. Health and wellbeing

[We provide [private medical cover / an employee assistance programme / an eyecare scheme / a cycle-to-work scheme] to [who is eligible] from [when]. Some of these are taxable benefits reported on a P11D or payrolled, and we will tell you which apply to you.] Occupational health referrals are available where health is affecting work, and are covered in the sickness absence policy.

10. Expenses

Business expenses are not a benefit and are not covered here. They are reimbursed under the expenses policy, which sets the mileage and subsistence rates and the rules on receipts and deadlines.

11. Changes, leaving, and questions

We review this policy every [12] months. Where a benefit is provided by a third party, it is also subject to that provider's terms, and we cannot guarantee a benefit we no longer have access to. On leaving, benefits end on your last day of employment except where the provider's rules or the law say otherwise, and any benefit paid in advance may be recovered from your final pay where your contract allows. Questions go to [role].

Adapting it

Three things worth checking. Clause 2 is the load-bearing one - if you do not say a benefit is discretionary before you offer it, changing it later is a contract variation rather than a decision. Clause 8 is the one people actually read, so make it specific rather than pointing elsewhere. And clause 3 needs to match what your payroll is really doing: the most common mismatch we see is a policy claiming contributions on total pay while payroll runs on qualifying earnings.

This is a starting point for a general UK employer, not legal advice. Anything involving salary sacrifice, private medical cover or an enhanced maternity scheme is worth an adviser’s eye, because the tax treatment is where the cost usually hides.

> A free template from CoDash - codash.co.uk/templates. Edit it to match how your company actually works, and take advice on anything unusual.