

Below we detail some of the main features of the benefits available to employees of the Company. For further details please contact the HR Department.

### Pension

Employees are eligible to join the Company pension scheme. This is a final salary scheme. Further details are set out in the scheme booklet on the Company intranet. The value shown overleaf represents the annual value of the scheme over your career calculated by Hay Group using their actuarial methodology.

### Life Assurance

The Company's life assurance scheme will pay a lump sum of 4 times your annual salary to your nominated dependent in the event of your death in service.

### Long term sick pay

All employees are eligible for permanent health insurance. This pays up to 66% of salary whilst off work.

### Private Medical Insurance

The Company provides medical insurance to employees and their families.

### Holiday

All employees receive 26 days holiday. In addition you have the option to purchase a further 5 days.

### Employee Assistance

Free and confidential telephone information and counselling service (0800 123 456)

### Flexible Working

We are committed to ensuring that all employees are given the opportunity to balance their working life with their commitments and interests outside work, which is why the option of working flexibly is open to all employees.

### Childcare vouchers

Employees can take advantage of tax and national insurance savings by the purchase of childcare vouchers through payroll.

### Maternity benefits

The Company pays benefits above the statutory level.

### Lifestyles

The Company has arranged a number of discounts with local suppliers which you can access. Full details are set out on the intranet.

A total reward statement such as this can help organisations maximise the return on their reward investments by ensuring that employees understand the value of all of the components within their package.

The key to getting total reward statements right is a thorough understanding of the various elements of reward packages, their values and their communication. Hay Group has over 60 years experience in reward consulting and our researched based methodologies are tried and tested. We have a team of consultants in the UK who specialise in this area and can assist in the communication of an employee's reward package. They are supported by an information division with the largest database of pay and benefits practice in the world. Hay Group have over 2,000 clients in the UK, including two thirds of the FTSE 100 and most large public sector organisations.

To find out more about how Hay Group can work with you, please contact your usual Hay Group consultant or :

Simon Barron - 020 7856 7349  
simon\_barron@haygroup.com

Peter Boreham - 020 7856 7146  
peter\_boreham@haygroup.com

# EXAMPLE TOTAL REWARD STATEMENT

Mr A B Sample  
1 Any Street  
Any Town  
Any County  
AB12 3CD

Date of Birth 99/99/9999  
National Insurance No. AB 12 34 56 C  
Department DEPARTMENT

Dear Mr Sample,

## Your Total Reward Statement Explained

We believe that high quality staff deserve a high quality pay package. We also believe that there is more to pay than just salary and bonus. Therefore, our employees have access to a wide range of competitive benefits.

Surveys in other companies have shown that sometimes employees don't know that they are entitled to certain benefits or realise how much the value of benefits adds to their package. Therefore this statement gives details of the benefits which make up your package, including their value. The reverse of the statement also outlines some of the features of the additional benefits to which you are eligible.

This statement has been prepared with assistance from Hay Group. They are a leading consultancy with extensive experience of employer benefits and are wholly independent of the Company. Hay Group have used their standard actuarial methodology to value your benefits.

I hope that you find this statement useful. If you have any questions or would like to discuss any of the contents please contact the HR Department on 01234 567890.

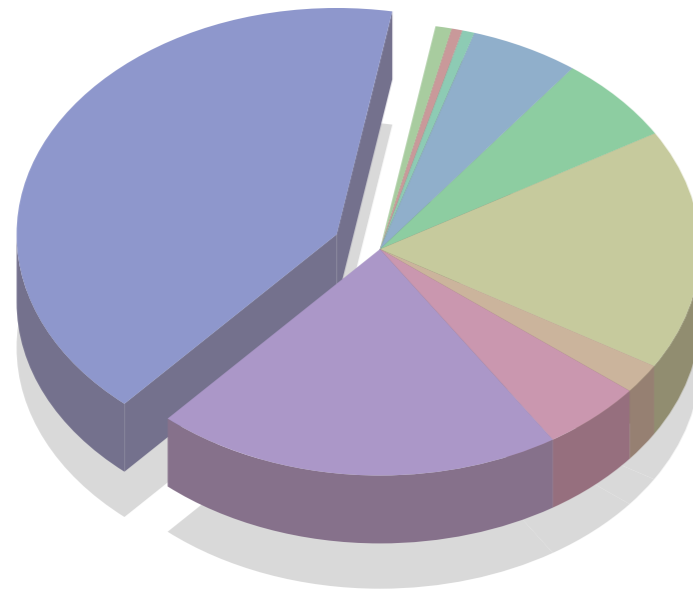
Yours sincerely,



John Smith  
Chief Executive

## Your Pay and Benefits Illustrated

The following pie chart shows a breakdown of your total pay and benefits provided by the Company.



(The pie chart represents the actual values of the individuals benefits, and so varies according to the package the employee receives.)

### Cash Package

■ Base Salary	<b>£60,000</b>
■ Bonus	<b>£30,000</b>
■ Incentive Awards	<b>£7,500</b>
■ Location Allowance	<b>£3,100</b>

### Share Scheme

■ Estimated Value	<b>£25,000</b>
-------------------	----------------

### Benefits

■ Pension Scheme	<b>£9,000</b>
■ Company Car	<b>£8,000</b>
■ Medical Insurance	<b>£900</b>
■ Life Assurance	<b>£800</b>
■ Holiday	<b>£1,200</b>

The annual value of your total pay and benefits is **£120,500**

The estimated value of your share schemes is **£25,000**

The combined annual value of your pay and benefits and the estimated value of your share schemes is **£145,500**

## Your Total Cash Package

### Base salary

Your annual basic salary at 99/99/9999 was: **£60,000**

### Bonus

Your Total Bonus payments in the year to 99/99/9999 were: **£30,000**

### Incentive Awards

The Incentive Awards programme rewards you for your contribution to Company sales and net income. During the last 12 months, you earned a payment of: **£7,500**

### Location Allowance

Due to the recent relocation of the Company, you are entitled to a monthly relocation payment. Over the last year you received: **£3,100**

### Total Cash Package

**£100,600**

## Your Benefits Package

### Pension Scheme

You are a member of the Company's final salary pension scheme. The annual value of this benefit is: **£9,000**

### Company Car

You have chosen to participate in the Company car Scheme rather than receive a cash alternative. The value of this benefit was: **£8,000**

### Medical Insurance

The Company provides private medical insurance for you and your family. The average premium paid by the company is: **£900**

### Life Assurance

The death in service benefit your beneficiaries will receive whilst you are employed by the Company is four times your salary, currently £240,000. This benefit costs the Company: **£800**

### Holiday

You are entitled to 26 days holiday. The value of this benefit is: **£1,200**

### Total Benefit Package

**£19,900**

### Total Reward Package

**£120,500**