Vitality

HEALTHCARE TRUSTS.

POSITIVELY DIFFERENT

THE WHAT. THE WHY. **THE HOW.**

WHY VITALITY?

BETTER HEALTH

It's been proven that leading a healthy lifestyle leads to significant reductions in long-term health risk and improved productivity. So we make it easier and cheaper for your employees to develop and maintain positive lifestyle choices and offer them tangible rewards to help them achieve long-term behavioural change. With over 20 years' experience in incentivised health promotion, it's an approach that's so far produced a measurable impact for over 3,000 corporate clients* in the UK and globally.

BETTER CARE

Better Care is about more than quick access to private hospitals. We know the best way to offer the best medical care is to leave it in the hands of medical professionals. We've therefore developed assets in the healthcare system that not only optimise your employees' access but ensure they receive the highest quality care. All delivered through a doctor-led healthcare journey.

SHARED-VALUE

The true power of our approach is the unique integration of Better Health and Better Care which unlocks additional benefits and strives to make employees healthier. This results in fewer claims and higher productivity. We call it giving shared-value because with our healthcare everyone benefits. When the model is applied to an employer-funded Healthcare Trust, it can become even more powerful, with the employer directly benefiting from better claims experience as it emerges.

*Discovery Group Data, July 2017

An alternative way for you and your employees to enjoy all the same benefits of our unique health and wellness cover.

You can include almost all the flexible benefits from our Corporate Healthcare plan.

WHY USE A HEALTHCARE TRUST?

Trusts provide an HMRC-compliant approach for employers to fund healthcare benefits for their employees. They differ from insurance in that the employer is not charged a premium, but instead takes on the responsibility for funding all qualifying claims (even if they are higher than expected).

However, it can also benefit from lower contribution costs if benefit claims are lower than predicted, making these arrangements particularly suitable to larger schemes with stable claims experience.

KEY ADVANTAGES OF A TRUST ARRANGEMENT	KEY DISADVANTAGES OF A TRUST ARRANGEMENT
Years where claims are low can lead to lower contributions being required from the employer.	**In a high claim year, the employer's contribution can be larger than predicted. 'Stop Loss' insurance can be bought to help mitigate this.**
The employer has more flexibility to fix the healthcare benefits a Trust will pay for, each year.	**Tax rules prevent the trustees or employer granting discretionary benefits, meaning that the benefit rules must be fixed at the start of each year and complied with during that year. Changes to the benefit basis can be made at the start of the next year.**

WHAT TYPES OF TRUST CAN VITALITY ADMINISTER?

Vitality offer two variants of trust arrangement. For many employers, the simplest approach would be to participate in our Vitality Master Trust. However for those already operating a Trust or with more bespoke requirements a standalone Trust can be arranged.

COMMON FEATURES TO BOTH VITALITY MASTER TRUST AND STANDALONE TRUSTS ADMINISTERED BY VITALITY

- Years where claims are low can require less funding from the employer. In a high claim year, the contribution may be higher, but 'Stop Loss' insurance can reduce the liability in this case.
- Aggregate stop loss cover available from 107% to 175%.
- Specific stop loss cover reduces your risk to exceptionally high single claims. Available above £50k per claim. Specific stop loss cover is only available in a trust environment.
- Choice of benefit levels from within our Corporate Healthcare flex options (please note however that Worldwide Travel Cover, Emergency Overseas Cover, the Personal Health Fund and the Employee Assistance Programme are not available within the Trusts).
- Different categories of employees can be provide with different benefit entitlements via separate sections of the Trust.
- Trusts are administered by Vitality Corporate Services Limited.
- P11d arrangements are usually based on a standard unit approach - one unit for the employee only, two for couples, 1.5 units for the employee and their children, and 2.5 for couples and their children. We do offer flexibility for different pricing of relativities, however, please raise this early if the standard unit approach is not required as the impact on P11d reporting will need to be assessed.
- Please note that we do not pay commission on Trust schemes.

We will send the employer an initial annual invoice. This can include several items, such as:

ITEM	TAXATION BASIS
Contribution towards Claims Fund	**None**
Stop Loss Cover	**IPT**
Administration	**VAT**
Vitality partners & rewards	**VAT**

The total contribution, including the items shown in the table, is shared between all trust beneficiaries, according to the rules of the Trust Deed. This figure is then used to fix both Class 1A National Insurance Contributions (NICs) you need to pay as an employer, as well as the taxable Benefit-in-kind beneficiaries receive. Note that Class 1 NICs don't normally apply – see HMRC National Insurance Manual NIM02235.

On a monthly basis further invoices will be sent to the employer for further contributions to the claims fund.

VITALITY MASTER TRUST – KEY FEATURES

- Minimum scheme size of 300 employees
- Single HMRC-compliant umbrella trust, with a separate sub-trust operated for each group of participating employers
- Trust governed by a firm of independent professional trustees
- Each employer's contributions are ring-fenced within the sub-trust in an individual bank account
- Invoicing terms: pre-funding of three months' balance due two weeks before trust commences, with monthly top-ups of claims paid
- Employee members must be aged 18 or over, engaged on a contract of at least 15 hours per week, and resident in the UK for six months per annum. Spouses must be 16 or over
- Standard terms and conditions for benefit eligibility apply

STANDALONE TRUST ADMINISTERED BY VITALITY – KEY FEATURES

- Minimum scheme size of 500 employees
- Separate HMRC-compliant trust purely for beneficiaries sponsored by the employer
- If a new trust is being set up, the employer should notify its own tax office of the trust's creation
- Trustees need to be appointed by the sponsoring employer
- Separate bank account used to hold trust funds
- Recommended invoicing terms: pre-funding of three months' balance due two weeks before trust commences, with monthly top-ups of claims paid. Other invoicing terms can be discussed but please raise early if required so we can assess operational supportability.
- Beneficiary eligibility rules as described in the trust deed. Bespoke requests for benefit eligibility will be considered – please raise early if required so they can be assessed.

HOW TO GET STARTED

IF YOU'RE INTERESTED IN FINDING OUT MORE, PLEASE CONTACT US OR YOUR INTERMEDIARY. WE CAN PREPARE QUOTES ON EITHER AN INSURED OR TRUST BASIS, INCLUDING STOP LOSS COVER.

If you decide to offer healthcare benefits through a standalone trust, we can also help you prepare an Administration Agreement, and a Trust Deed if you need to create a new trust. Alternatively, we can provide you with our Vitality Master Trust Deed, and the Participation Agreement you must sign to join it.

To create a new trust, you should typically allow up to six months to create the legal documents; for joining the Master Trust you should allow up to three months.

Before you sign any agreements, please get legal and tax advice to make sure a Trust is right for you.

BETTER HEALTH.
BETTER CARE.

VH B0025_0919