WHERE TO START

Often these gaps are the result of legacy issues not being reconsidered in light of new developments elsewhere in the company or in the fund. Addressing these problems demands a centralised accountability that can bring together diverse departments and legislation.

This challenge rests with various structures within an employer, including its human resources, payroll and finance departments. It's the employer's responsibility to review all employment policies and establish a clear understanding of the total rewards on offer to employees and whether or not needs are being met.

The **first step** is to review existing legislation. This sets out the high-level framework that all employers operate within. This is followed by an analysis, which consists of gathering information on:

The company's current health, incapacity and disability policies. Normally, these policies follow legislative requirements set out in the:

- *Basic Conditions of Employment Act*
- *Employment Equity Act*
- *Code of Good Practice of Disability in the Workplace*
- *Compensation for Occupational Injuries and Diseases Act*
- *Schedule 8 of the Labour Relations Act.*

The types of insurance policies currently in place, either through the employer or the retirement fund. Examples include:

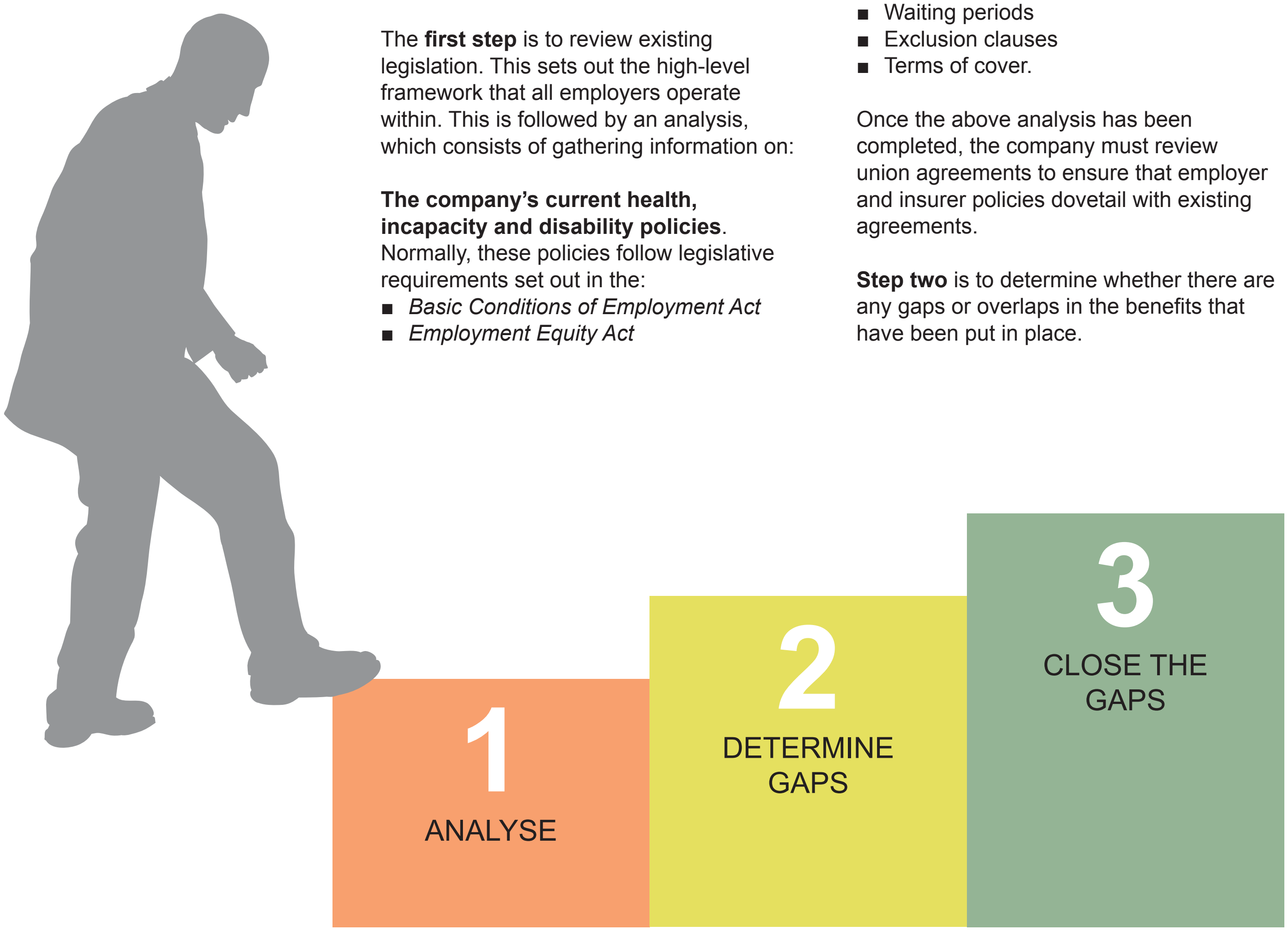
- Permanent health insurance (PHI)
- Capital disability benefits
- Temporary disability benefits
- Extended sick leave benefits.

Other factors to be considered like:

- Definitions of disability
- Waiting periods
- Exclusion clauses
- Terms of cover.

Once the above analysis has been completed, the company must review union agreements to ensure that employer and insurer policies dovetail with existing agreements.

Step two is to determine whether there are any gaps or overlaps in the benefits that have been put in place.



Overlaps in benefit coverage can be as costly as leaving gaps.

To facilitate an assessment of the employee benefits programme, we can use a matrix. Such a matrix would outline the various benefits a company can offer as part of its employee benefits package. The matrix would take note of the varying needs in an individual's (life like death, disability, retirement, retrenchment and so on). By identifying the full range of needs in an individual's life, we can then look at the benefits we can offer an employee to help meet these needs.

Overlaps in benefit coverage can be as costly as leaving gaps. As a result of corporate activity like mergers, many companies have inherited legacy benefits, which result in potential inefficiencies and overlapping with existing schemes. A matrix helps you to identify where you may be offering too many solutions to address the same need, like death cover. There are many variations of death cover that can be packaged and offered as part of a total rewards system. By using a matrix we can identify those variations that are necessary and those that are not.

Not only do the employers have to consider the insurer and union policies, they also have to avoid funding benefits the government provides to, or facilitates on behalf of all working South African citizens. For instance, all workers have some form of recourse to benefits through the *Compensation for Occupational Injury and Diseases Act (COIDA)*[1] if they are injured or killed in the workplace or while on duty. These benefits may prove adequate for workers, but the point is that employers should provide benefits that top up what the government provides rather than duplicating them.

Finally step three is to close the gaps. Cost will invariably be an issue, but employers must give serious consideration to the consequences.

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1 Holzmann & Jørgensen (2001)