



COMPANY SICK PAY

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Better at work.

EMPLOYER TAX

Employer NICs

EMPLOYEE TAX

Income Tax

COST TO EMPLOYER

Typically, 5 days – 6 months on full or half pay

What is Company Sick Pay?

Company Sick Pay (also known as 'Contractual' or 'Occupational' sick pay) is where an employer chooses to provide a higher level of sick pay for its employees above the legal minimum.

How Does it Work?

Company Sick Pay is an enhancement to the terms and conditions of employment at a particular business. The enhancement means that the employee receives more than the minimum legal requirement for periods of sickness, known as Statutory Sick Pay (SSP).

SSP requires employers to pay £88.45 a week (2016/17) payable for a maximum of 28 weeks.

SSP is available to all employees who:

- Have an employment contract
- Have done some work under their contract
- Have been sick for 4 or more days in a row (including non-working days) - known as a 'period of incapacity for work'
- Earn at least £112 a week
- Give you the correct notice
- Give you proof of their illness, only after 7 days off

Company Sick Pay can enhance any or all of the terms of SSP, but most commonly employers will pay most or all of an individual's salary for a period, rather than the £88.45 a week. It would not be untypical for example, for employers to pay 3 months or full pay then 3 months of half pay and then fall back onto SSP.

Why is it Valuable?

SSP at £88.45 per week is the equivalent of a gross annual salary of £4,600 per annum. That's not very much compared to either the National Living Wage (around £14,000 per annum) or National Average Earnings (around £26,000 per annum) in the UK.

It's not hard to see why employees value these enhancements above SSP.

What does it cost?

This depends entirely on the type of scheme you put in place and the number of days of sickness you will pay out for in a year. The cost of a working day can easily be calculated using the '1/260 x salary', where the 260 equates to the number of working days in a year excluding weekends and bank holidays.

You can cap the number of sick days you will pay out for over a given period. It goes without saying that if you have a poor sickness and absence record than your Company Sick Pay scheme will cost you more. You can put insurance in place to mitigate the risk sickness and absence over both the short and long term (over 28 weeks); it's called Income Protection insurance.



Want to find out how we can help?

Call us today on 01858 414252, visit us online at www.theinkgroup.co.uk or email hello@theinkgroup.co.uk to find out more or set up your no-obligation meeting.

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