



a guide to

Employee Benefit Due Diligence



Kudos Financial Services

ABERDEEN | GLASGOW | LONDON



Kudos IFS Ltd was established in 1991 to meet the needs of lawyers, accountants and other professional intermediaries as a financial services company delivering effective and truly independent advice

The Employee Benefit Due Diligence division was formed in 1996 to provide a comprehensive analysis of a company's pension and ancillary benefit schemes, to identify and evaluate all current and potential liabilities of the scheme which could affect the decisions of Investors.



Traditionally, Employee Benefit Due Diligence focussed on company pension schemes, specifically Defined Benefit / Final Salary schemes and to a lesser extent Money Purchase / Defined Contribution schemes. In relation to ancillary schemes such as Group Death In Service, Group Permanent Health Insurance and Private Medical, no real analytical diligence took place other than confirmation that the benefits are “on risk”.

The Kudos diligence process encompasses a more in-depth analysis of a company’s Employee Benefit programme, both **pre and post deal transaction.**





Pensions - Defined Benefit Schemes

- Funding / deficit position pre- and post-transaction
- PPF levy pre / post transaction
- Analysis of actuarial assumptions including the effect of potential variances
- Investment strategy
- Impact of legislative changes
- Cost analysis
- Deficit solutions

Defined Contribution Schemes

- Compliance with Stakeholder legislation
- Compliance with age discrimination rules and regulations
- Scheme charging structure
- Effect of proposed National Employment Savings Trust



Kudos Financial Services

ABERDEEN | GLASGOW | LONDON



Ancillary Benefits

Analysis of Policy Schedules

- Review of exclusions -
e.g. Hazardous Occupations
- Benefit levels
(cross reference contracts of employment)
- Cost analysis
- Data verification
- Replication of benefit levels post-deal

Cost Analysis

Identify potential cost savings across all areas of the company's Employee Benefit programme.

In addition to the above, an area often overlooked during the diligence process is the format and competitiveness of the post-deal Employee Benefit programme and how this will be communicated to the employees post-transaction. Retention and attraction of employees is paramount to the ongoing success of any venture.

Kudos has gained a wealth of experience and an unrivalled depth of knowledge of the complexities of this core area within the transaction process.

Since 1996, Kudos has been involved in over 150 transactions in the UK and overseas, and our success has been acknowledged by transaction advisers and industry media.

Details of the awards and a selection of the transactions can be viewed at

www.kifs.co.uk

Contact our Due Diligence team

Jim Tennent/Mike Reid

8 Queen's Terrace
Aberdeen AB10 1XL
Tel 01224 652100
Fax 01224 652101
Email jim.tennent@kudos-ifs.co.uk
Email mike.reid@kudos-ifs.co.uk

Nick Gimson

Highland House
165 The Broadway
London SW19 1NE
Tel 020 8544 8078
Fax 020 8544 8079
Email nick.gimson@kudos-ifs.co.uk

Dean Fallon

The Beacon
176 St Vincent Street
Glasgow G2 5SG
Tel 0141 249 6642
Fax 0141 249 6639
Email dean.fallon@kudos-ifs.co.uk

due diligence
employee benefits
wealth management

Kudos Independent Financial Services Ltd

Authorised and regulated by the
Financial Services Authority
Registered in Scotland 132530



Kudos Financial Services

ABERDEEN | GLASGOW | LONDON