

From The Great Resignation to The Great Retention – *The Hunt for Talent*

A recent WTW survey has reported that 70% of employers expect difficulties in attracting talent this year. Two years ago this figure was 37%. A lack of key personnel is more crucial in pharmacy than in many other industries as the absence of a pharmacist means legally you cannot open the doors of your business.



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corporation tax relief with figures showing it costs 62% more to increase the employees' salary. It's important to note that these benefits do not attract Benefit in Kind.

Offering pension and income protection has the effect of creating a bond between the employer and the employee that goes beyond salary and when we hear employers telling us they are losing employees to pay increases elsewhere as low as 2% to 3% you begin to see the need for this. The employee receiving the pension payment now sees through our projections a long-term future with the employer and invariably when it comes to the first annual pension statement we get a call from the employee to start making their own contribution. Together with an income protection package that offers a second medical opinion service and wellness benefits to not only the employee but their spouses, their children, their parents and their spouse's parents you are now offering a package that's comparable with the benefits large multinationals are offering.

It cannot be emphasised enough that Income Protection is a vital policy for members of the pharmacy profession. There is no doubt it's a stressful role and as you are on your feet for long periods it's interesting to note in the most recent claim statistics from the leading provider of this cover that 50% of pay-outs were accounted for by psychological and musculoskeletal issues.

When you see compelling numbers like this and when employees begin to understand that their ability to earn is their biggest asset this proves a very attractive benefit to offer. Crucially as one gets older this cover becomes more expensive and difficult to obtain and is one benefit that those covered are highly reluctant to give up. If another employer is not offering this benefit it creates a bond between you and the employee.

Employee hiring and retention have been a big issue in pharmacy for many years and after a slowdown in employees changing jobs during the height of Covid this is clearly an issue again. The IPU recently remarked that the 240 students currently in training are not enough to address the deficit and more spaces are needed in college courses. Not all of these graduates will be going to retail pharmacy with the attraction of the multinational pharmaceutical industry offering more sociable hours and benefits along with the attraction of pensions and illness benefits in the HSE recruiting a good proportion of these graduates. This together with the shift to locum work is creating a tough climate for employers.

Stuart Fitzgerald of Fitzgerald Power Accountants noted that the number one reason for owner pharmacists selling up is the cost and difficulty in recruiting pharmacists which are often leading to them having to work unsustainable hours themselves.

Now that the return to the office and workplace is happening employees in other industries are

demanding that they retain the option of working from home. This is seen as a key employee benefit and organizations that don't offer this option are losing out in the highly competitive hunt for talent. Work from home is not an option for pharmacy so what can be done to attract and retain the key talent needed for the successful operation or opening of your business.

It has been noted that pension and illness benefits are attracting candidates to the public sector. There is no reason pharmacy owners cannot offer similar packages to hold on to employees who may be tempted to move elsewhere and also to help hire employees.

Tax Efficient Package

In response to these issues several years ago our business began advising our pharmacy clients to offer pension and income protection as a tax-efficient way to retain and attract staff and this has proved highly successful to date with no employer reporting losing an employee on these benefits. This is more effective than offering a salary increase to the employee

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where more than 50% can be swallowed up in taxes and ends up as part of day-to-day spending with no accumulation of savings for the future.

If you compare a pay increase with a pension contribution the numbers are positive for both the employer and employee. For an employee to see an additional €250 in their net pay every month in reality costs the employer more than twice that when you factor in the various income taxes, levies and employers PRSI. The cost to get €250 per month into an employee pension is less than half that amount when factoring in

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Adare HRM recently stated that the average cost of hiring a new employee was €14,750 and this did not take into account the disruption to teams and the business. The same report also stated that 34% of employees are leaving for better benefits similar to those mentioned above.

A study in 2020 by the Chartered Institute of Personnel and Development stated that three-fifths of those working in this area indicated that benefits for professional and career development alongside retirement savings will increase in importance to retain employees in the next three to five years. They noted that companies that have already started to alter

their benefits to aid in employee retention will have a strategic advantage in the coming years.

What about Auto Enrollment

At the time of writing the government released details of the long-awaited auto-enrollment scheme. This is necessary with the current system unsustainable and unaffordable and is due to be ready to launch in 2024.

Our initial analysis of this scheme is that if someone is paying tax at 40% you are better off in the standard pension scheme available today. With the new scheme, you get €1 from the government for every €3 contributed which is essentially tax relief at 25% when you are

currently getting tax relief at 40%. For those on lower incomes and getting taxed at 20%, this will be a better option. With much talk of reducing the tax relief on the so-called ‘fat cat’ pensions, I hope this is not a pointer as to the future direction of tax relief. This initial view is based on the information available at the time of writing and will be a topic we will certainly address in future articles.

There is without doubt a problem out there for pharmacy owners in hiring and retaining staff but we know from experience that there is a tax-efficient cost-effective solution for you that works. With auto-enrollment you will have to do this and now you have a chance to get ahead of the curve with a better proposition to attract the talent you need and give your business a strategic advantage.



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