



Healthcare Trusts



Why Vitality?

We take a unique approach to healthcare - responding to the full spectrum of our member's healthcare needs. This spans from promoting a healthy lifestyle, to providing digital tools to help your employees navigate the healthcare system, and delivering comprehensive cover for onward treatment when they need it.

As well as offering 5-star Defaqto rated healthcare, our product is underpinned by the Vitality Programme, the world's largest health promotion programme linked to insurance. By incentivising members to get healthier, we generate value for all stakeholders.

Members benefit from improved health and financial value through our rewards; Vitality as an insurer benefit from reduced healthcare costs; and society benefits from a reduced burden on healthcare and enhanced workplace productivity.

We call this Shared Value

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



You can include 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 determine 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 provided with different benefit entitlements via separate sections of the Trust.
- Trusts are administered by Vitality Corporate Services Limited.

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 between 16 and 70, working at least 15 hours per week, and resident in the UK for six months per annum
- Standard terms and conditions for benefit eligibility apply

All UK express trusts must register with the Trust Registration Service (TRS), unless specifically excluded. Healthcare trusts are not specifically excluded and therefore the trustees will have 90 days, from the creation of the trust, to register it on the TRS. Please note, that Vitality's Master Trust has been registered on the TRS.

We manage a Master Trust that allows individual employers to fund their employees' healthcare scheme separately.

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 3 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.

All UK express trusts must register with the Trust Registration Service (TRS), unless specifically excluded. Healthcare trusts are not specifically excluded and therefore the trustees will have 90 days, from the creation of the trust, to register it on the TRS. As such, the trustee appointed by the sponsoring employer will need to register the trust within 90 days of the trust being created.

How to get started

If you're interested in finding out more, please contact us or your adviser. 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 - for Master Trusts, 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.



