



The Future of Employee Benefits: Five Opportunities for Employers Amid the Evolving Workforce

by **Catherine Collinson** | *Transamerica Institute*®

The world of work is evolving, and employee benefits and business practices have become more important than ever. The pandemic has jolted the workforce, redefined priorities among both employers and workers, and led to widespread worker resignations and job changes. A comprehensive benefit offering can enhance workers' health, financial well-being and work-life balance while helping them prepare for their future retirement. These benefits also can help employers attract and retain talent and foster a more productive workplace.

Many workers experienced setbacks during the pandemic and are now regaining their footing. A majority (61%) made one or more adjustments in response to financial strain, such as reducing day-to-day expenses, dipping into savings and accumulating new credit card debt. Almost three in ten workers (28%) were unemployed at some point during the pandemic, and 22% said their financial situation worsened. At the same time, the pandemic has prompted many workers to rethink their priorities. More than three in four workers (76%) said their life priorities have changed, with common themes being a greater focus on health and wellness, family and friends, and enjoyment of life, according to 2022 Trans-

america Institute report *Emerging From the Pandemic: Four Generations Prepare for Retirement*.¹

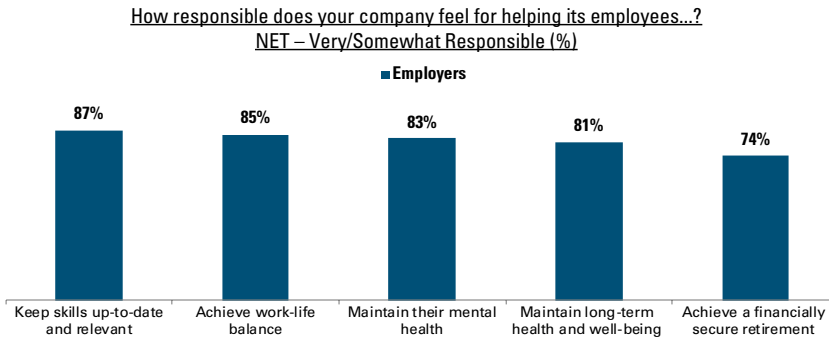
Employers have also confronted formidable challenges during the pandemic, and their priorities are evolving too. According to another recent Transamerica Institute report,² a strong majority of employers feel responsible for helping their employees keep their skills up to date, achieve work-life balance, maintain their mental health, preserve their long-

AT A GLANCE

- As the workforce evolves, employers' benefit offerings and business practices will become even more influential in the competition for talent and in enriching the lives of workers.
- The current environment is ripe for innovating new products and services with greater customization to a worker's unique circumstances and needs.
- Employers can seize the opportunity to close the employee benefits gap, offer a holistic benefits approach to physical and mental health, provide financial wellness and insurance protections, add and expand retirement benefits, and adopt best practices for a multigenerational workforce.

FIGURE 1

Employers' Sense of Responsibility for Employee Well-Being



Source: *Emerging From the Pandemic: The Employer's Perspective*, nonprofit Transamerica Institute, 2022.

term health and well-being, and attain a financially secure retirement (Figure 1). As much as employers may feel responsible for their employees, the survey finds they could be doing more to support them.

What does the future of employee benefits and business practices hold? Here are five opportunities to inspire employers, human resources profes-

sionals and benefits advisors, and the benefits industry.³

1. Close the Employee Benefits Gap, Especially Among Small Companies

Workers highly value employee benefits, yet comparatively fewer employers offer such benefits to their employees. For example, 93% of workers

feel that health insurance is important, but only 56% of employers offer it to their employees (Figure 2). Eighty-nine percent of workers believe a 401(k) or similar plan is important, but only 55% of employers offer one to their employees (Figure 2). The gap is even wider for other types of benefits.

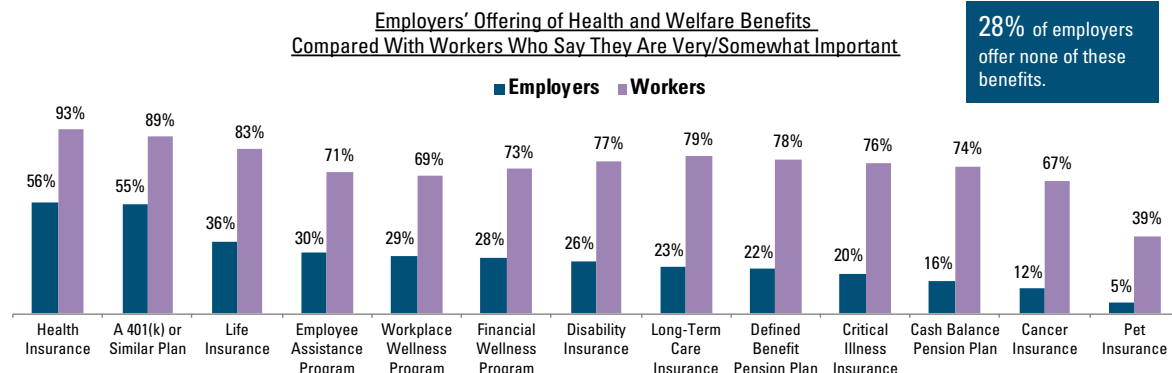
Larger companies are much more likely to offer these benefits than small companies, but there is ample room for growth among companies of all sizes (Figure 3). The marketplace is highly competitive with new options that can help fill these gaps.

2. Offer a Holistic Benefits Approach to Physical and Mental Health

Physical and mental health are top of mind for both employers and workers. Almost nine in ten employers (88%) are very or somewhat concerned about the physical health of their employees, while more than two-thirds of workers (67%) are concerned about their own

FIGURE 2

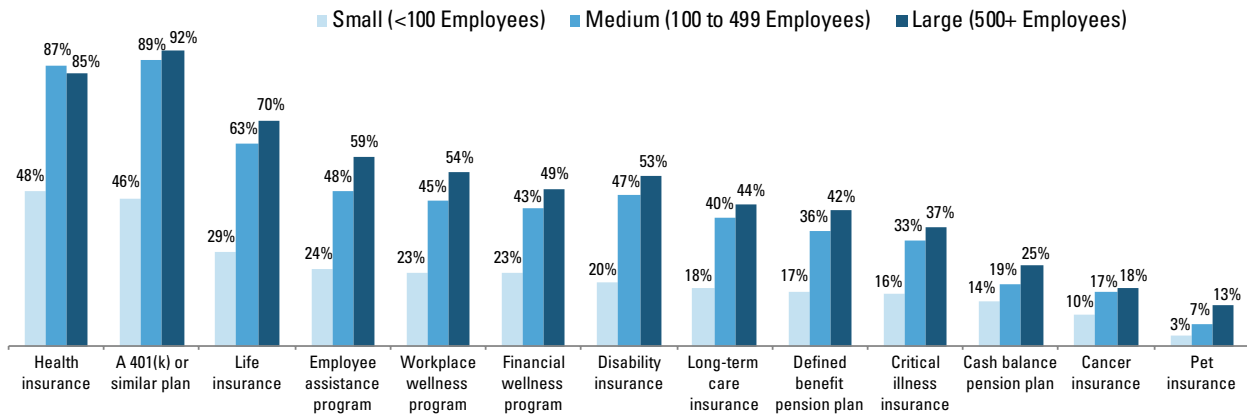
Employers' Benefit Offerings Compared With Importance Workers Place on Them



Source: *Emerging From the Pandemic: The Employer's Perspective*, nonprofit Transamerica Institute, 2022.

FIGURE 3

Employers' Benefit Offerings by Company Size



Source: *Emerging From the Pandemic: The Employer's Perspective*, nonprofit Transamerica Institute, 2022.

FIGURE 4

Workplace Wellness Program Features

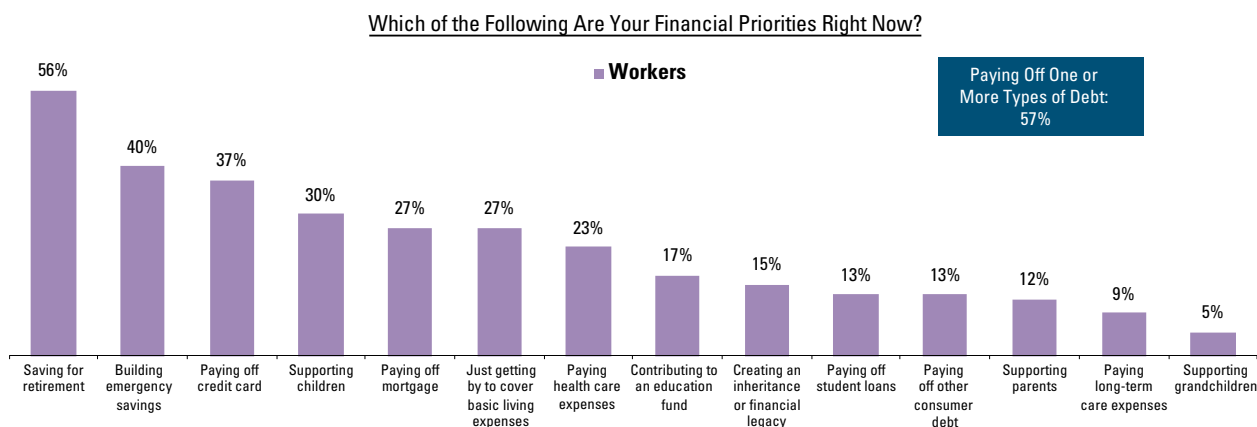
Which of the Following Elements Are Offered as Part of Your Workplace Wellness Program?*	Workplace Wellness Program Sponsors
Mental health support (e.g., stress management, therapy)	61%
Education on healthy behaviors (e.g., via intranet, emails, webinars)	54%
Health screenings, biometric assessments, vaccinations	53%
Fitness programs (e.g., on-site gym, gym or equipment subsidies)	50%
Financial incentives for health-related activities	43%
Integration of health promotion into your organization's culture (e.g., walking meetings, healthy food options)	42%
Mindfulness, meditation, yoga, relaxation training	42%
Lifestyle change programs (e.g., smoking cessation, weight management)	39%
Tools to set and track wellness goals (e.g., wearable device, online program)	38%
Opportunities to win prizes for health-related activities	36%
Ergonomic workstations (e.g., standing desks, adjustable furniture)	33%
Programs for substance or alcohol use	33%
None	2%

*Respondents were asked to select all that apply.

Source: *Emerging From the Pandemic: The Employer's Perspective*, nonprofit Transamerica Institute, 2022.

FIGURE 5

Workers' Competing Financial Priorities



Note: Chart excludes "other" response, which is 4%.

Source: *Emerging From the Pandemic: The Employer's Perspective*, nonprofit Transamerica Institute, 2022.

physical health. Similarly, 86% of employers are concerned about their employees' mental health while 60% of workers are concerned about their mental health.

While many employers offer health insurance, relatively few offer a workplace wellness program (29%) that provides additional ways for their employees to safeguard their physical and mental health and well-being. Common features of workplace wellness programs include mental health support, education on healthy behaviors, health screenings and more (Figure 4). Sixty-two percent of employers offering a workplace wellness program indicate that employee participation has been high.

Employee assistance programs (EAPs) offer guidance and support in navigating life's challenges. Just 30% of employers offer one.

3. Provide Financial Wellness and Insurance Protections

Workers face competing financial priorities unique to their situation (Figure 5). Fifty-seven percent of workers cite paying off one or more forms of debt as a current financial priority. A striking 56% cite saving for retirement, and 40% cite building emergency savings as a priority. One in three

workers (30%) cites supporting children as a priority. Almost three in ten workers (27%) indicate they are just getting by to cover basic living expenses.

Workers have alarmingly low emergency savings—just \$5,000 (median)—to cover financial setbacks such as unemployment, medical bills, home repairs, auto repairs and other unexpected expenses. Fourteen percent of workers indicate they have no emergency savings.

Employer benefits such as health, disability and life insurance as well as other insurance protections can help employees mitigate risk and protect workers' savings and financial situations. Policy makers are currently considering ways to facilitate emergency savings in the workplace.

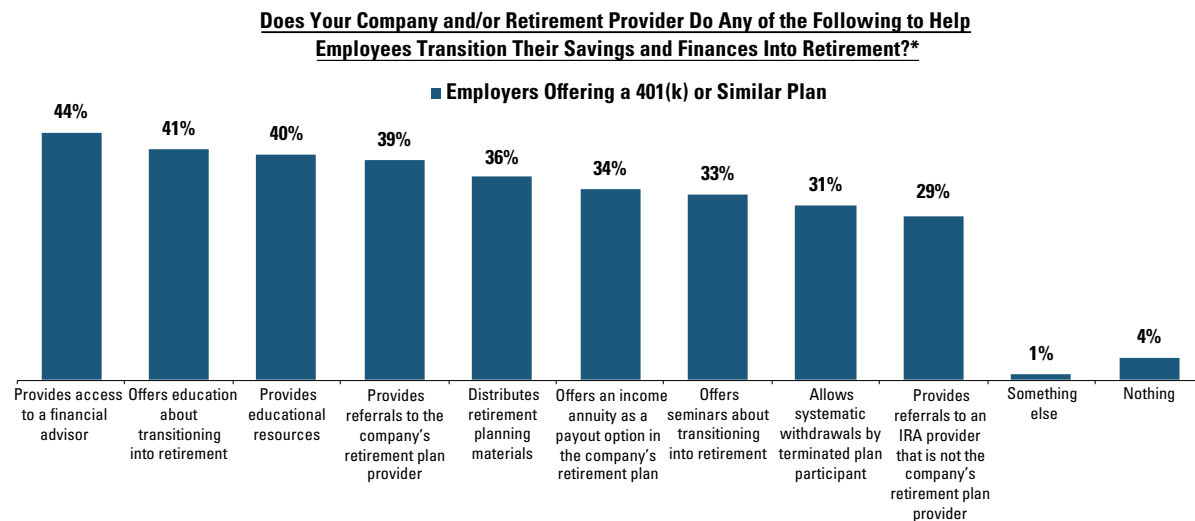
Financial wellness programs have become increasingly available in the employee benefits marketplace, yet only 28% of employers offer one. These programs can help workers reduce financial stress by providing education and guidance on personal finance-related matters such as budgeting, financial planning, saving for a home or education, paying off debt, and saving and investing for retirement.

4. Add and Expand Retirement Benefits

Employer-sponsored 401(k)s and similar plans are one of

FIGURE 6

Plan Sponsor Assistance for Financial Transitions to Retirement



*Respondents were asked to select all that apply.

Source: *Emerging From the Pandemic: The Employer's Perspective*, nonprofit Transamerica Institute, 2022.

the most effective ways—if not the most effective way—to encourage workers to save for retirement. They offer workers the opportunity to save on a tax-advantaged basis, the convenience of payroll deduction, access to institutional investments and professionally managed account services, and a variety of planning tools and educational offerings. Many plans also include employer matching contributions. Among workers who are offered a plan, 78% participate and contribute 12% of their annual pay.

However, only 55% of employers offer a 401(k) or similar plan to their employees. Most larger companies offer a plan, including 92% of companies with 500+ employees and 89% of companies with 100 to 499 employees. But less than half of employers with fewer than 100 employees offer a plan (46%).

Offering a plan has recently become more attainable and affordable for employers that don't currently offer one. The Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 increased the tax credit limitation for companies with 100 or fewer employees that start a plan or join a multiple employer plan (MEP), pooled employer plan (PEP) or group of plans (GoP). The SECURE 2.0 Act of 2022 has made these plans and incentives even more attractive. Moreover, as of this writing, 16 states have enacted and/or fully implemented state-facilitated workplace retirement plans.

As greater emphasis is placed on helping workers save and invest for retirement, employers could do much more in terms of helping their pre-

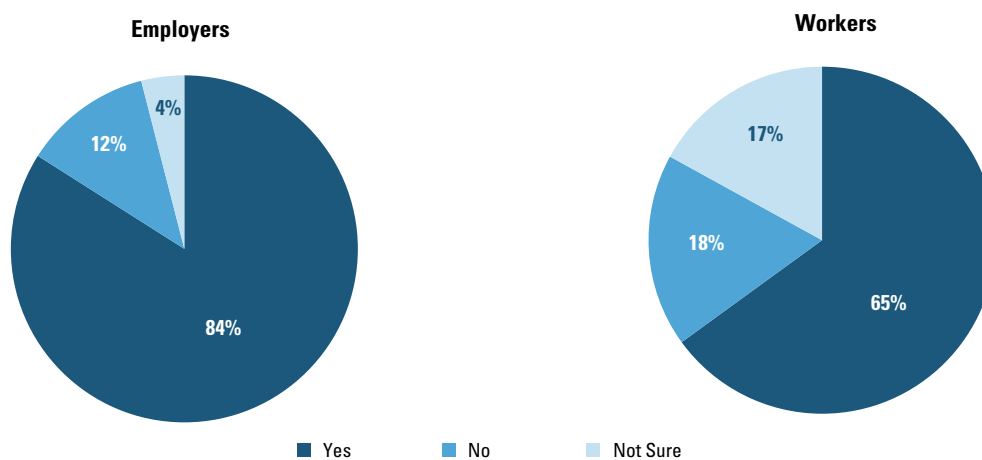
retirees navigate the complex decisions about transitioning into retirement to ensure that their savings last throughout their lifetime. Relatively few retirement plan sponsors offer transition assistance, such as providing access to a financial advisor (44%), offering education about transitioning into retirement (41%) and offering an income annuity as a payout option (34%) (Figure 6).

Many workers plan to work beyond traditional retirement age with a flexible, gradual transition into retirement that could involve shifting from full-time to part-time work or taking on a role that is less stressful or demanding. While some employers offer these options, only 31% offer a formal phased retirement program with specific provisions and requirements.

FIGURE 7

Are Employers Age-Friendly?

Considers Their Company/Employer to Be Age-Friendly by Offering Opportunities, Work Arrangements, and Training and Tools Needed for Employees of All Ages to Be Successful



Source: *Emerging From the Pandemic: The Employer's Perspective*, nonprofit Transamerica Institute, 2022.

5. Adopt Best Practices for a Multigenerational Workforce

Today, the U.S. has five generations in the workplace who bring unprecedented diversity in terms of their education, skills, life experience and wisdom, which can boost innovation, problem solving and productivity. While most employers (84%) consider themselves to be age-friendly by offering opportunities, work arrangements, and training and tools needed for employees of all ages to be successful, comparatively fewer workers (65%) consider their employers to be age-friendly.

Employers can tap into this opportunity and unleash the power of a multigenerational workforce by implementing best practices that include the following.

- **Adopting a diversity and inclusion policy statement.** Only 34% of employers have adopted a formal diversity and inclusion (D&I) policy statement that specifically includes age among other commonly referenced demographic characteristics.
- **Allowing alternative work arrangements.** Employers can cultivate a more inclusive workplace and promote

work-life balance among employees—especially those who are juggling work with other responsibilities such as parenting and caregiving—by offering alternative work arrangements. Nine in ten employers (92%) offer one or more arrangements, including flexible work schedules (60%), the ability to adjust workhours as needed (54%) and the ability to work remotely (51%).

- **Offering programs to promote lifelong learning.** With people's working years potentially spanning 50 years or more, lifelong learning is essential for keeping job skills up to date and staying current in the marketplace. Many employers are promoting lifelong learning in one way or another, but few have implemented the full complement of possible programs. The most frequently cited programs offered include mentorships (49%), job training (45%) and internships (36%). Only about one in four employers (26%) offers specific training to address generational differences and help prevent age discrimination.
- **Providing caregiver support.** Almost four in ten workers (38%) are currently serving or have served as a care-

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giver in the past (excluding parenting responsibilities) during their working careers—and this percentage is expected to rise in the future with the aging Baby Boomer generation, the oldest of whom are entering their mid-70s. Employers can help caregiving employees and avoid potential productivity losses by offering supportive programs and business practices, but relatively few are doing so. The most frequently cited offerings are unpaid leaves of absence (37%), paid leaves of absence (31%), online tools and resources (27%), and an EAP that offers counseling and referral services (23%).

- **Using multigenerational recruiting practices.** Historically, employers' recruiting practices have tended to overlook older workers in their recruiting efforts, but positive change may be underway. Among those recruiting employees during the pandemic, almost six in ten employers (59%) have given "a great deal" (29%) or "quite a bit" (30%) of consideration to job applicants age 50 and older versus younger applicants. By fostering a multigenerational workforce, employers can enhance productivity and performance while strengthening their commitment to diversity, equity and inclusion.

What Is the Future of Employee Benefits?

The future of employee benefits is bright. As the workforce evolves, employers' benefit offerings and business practices will become even more influential in the competition for talent as well as in enriching the lives of workers. The current environment is ripe for innovating new products and services with greater customization to a worker's unique circumstances and needs. A critical design feature for both existing and new products and services is portability so that workers can maintain their benefits when transitioning between employers. Lessons from the pandemic are that the workforce and employment arrangements can abruptly change, and continued benefits coverage can be a lifeline for workers during times of change. 

AUTHOR



Catherine Collinson is the founding chief executive officer and president of nonprofit Transamerica Institute and its operating division, Transamerica Center for Retirement Studies. With more than two decades of retirement industry-related experience, Collinson is a nationally recognized voice on retirement trends and champions the cause of Americans who are at risk of not achieving a financially secure retirement.

She was named a 2018 Influencer in Aging by PBS' Next Avenue and was honored with a Hero Award from Women's Institute for a Secure Retirement (WISER) in 2016. Collinson serves on the Advisory Board Leadership Council of Milken Institute's Center for the Future of Aging and co-hosts the podcast *ClearPath: Your Roadmap to Health and Wealth* on WYPR in Baltimore, Maryland.

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Endnotes

1. *Emerging From the Pandemic: Four Generations Prepare for Retirement* features a 2021 survey of 5,493 for-profit company workers.
2. *Emerging From the Pandemic: The Employer's Perspective* features a 2021 survey of 1,874 for-profit company employers.
3. These suggestions draw on the author's experience and Transamerica Institute research.