



2024 Wellbeing and Voluntary Benefits Survey

5th Edition



Gallagher

Insurance | Risk Management | Consulting

About the Survey

The fifth biennial 2024 Wellbeing and Voluntary Benefits Survey explores employee wellbeing and how US employers rate the financial, social, physical and mental health of their workforce. The data offers insight into how organizations are using voluntary benefits to support employee wellbeing, enhance benefit programs and attract and retain talent.

The research was supplemented with a sample of employees working for large US employers, so it is possible to compare the views of the employee – the ultimate “consumer” of wellbeing and benefit programs – with the views of HR decision-makers.

The findings provide insight into evolving employer efforts to support total wellbeing and assesses gaps in employee perceptions and needs. This report will help organizations better design and communicate offerings that enhance their value proposition and improve employee attraction, retention and productivity.

Methodology

The survey collected responses from **255 employer** participants and **698 employees** in November 2023. Both the employer and employee samples are representative of large US employers. The employer sample is representative of Bureau of Labor Statistics US business data in terms of number of employees, industry and regions of the US. The employee sample is representative of the US workforce in terms of gender, race and age.



Wellbeing – Better, But Not a Rebound

With the heightened awareness of employees’ struggles with physical, mental, social and financial health during and after the pandemic and socio-political and economic events, organizations have increased their focus on wellbeing. However, they remain challenged regarding how to meet employee needs, recognizing that many of the adverse factors impacting wellbeing still persist.

To compete for and retain talent, organizations know it is imperative to care about and actively support employees’ wellbeing journeys. The data shows that the top reasons employers cite for increasing wellbeing investment is to attract/retain top talent (**66%**), followed by increased job satisfaction (**65%**) and then support for mental health (**59%**).

The good news is that our survey shows employees feel better across all dimensions of wellbeing, compared to our 2022 survey, but they also expect more support from their employer. This underscores the continued importance of a robust wellbeing program that meets the needs of today’s workforce.

Key survey findings

- Employer awareness of the importance of wellbeing has increased
- Employees are feeling better but also expect more wellbeing support
- Commitment to employee wellbeing strengthens engagement and retention



Employers recognize the importance of voluntary benefits and support for wellbeing

Employers struggle to raise program awareness among employees

Employees underscore the importance of wellbeing programs

77%

say voluntary benefits are essential for delivering a comprehensive benefits plan

86%

agree voluntary benefits are key to their wellbeing strategy

74%

of employers say they have increased their commitment to promoting wellbeing

50%

of employees say they have seen an increase in support

2 in 3

would change their jobs for better benefits

55%

want a better understanding of their benefits

92%

want more financial support making this the top request

1 in 5

report worsening mental health

Commitment to Employee Wellbeing Strengthens Engagement and Retention

Employee expectations for more employer resources to support the full spectrum of their wellbeing (physical, mental, financial, social) have risen and are higher than ever, and the survey shows that employee perceptions of their employer's commitment to supporting employee wellbeing is a positive driver of retention.

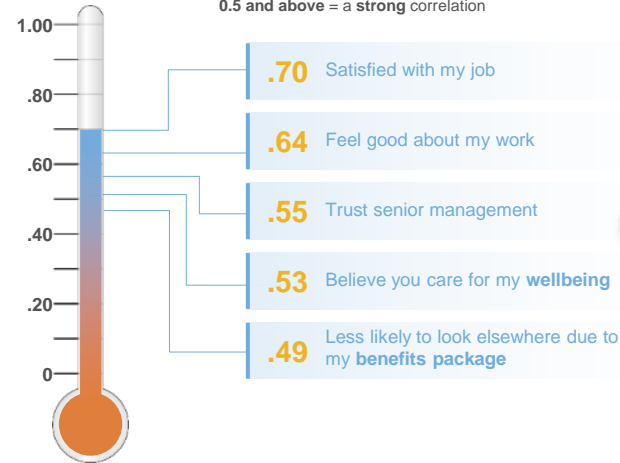
This insight is important as retention efforts are at a critical juncture: **46%** of surveyed workers are actively considering a job change in 2024, up from **35%** in 2022. Younger workers are significantly more likely to be seeking a job change (**53%** for Gen Z) – indicating that employers may want to target this demographic to increase employee commitment and engagement.

Benefits continue to play a vital role in countering this trend. Pay, job satisfaction and trust in senior management are all top drivers that directly impact an employee's engagement with their work, but close behind is belief in their employer's commitment to supporting wellbeing and a benefits package that meets personal needs.

With nearly **2 in 3** employees (**63%**) indicating they would change jobs for better benefits, a strong total rewards package can be a substantial element in attracting and retaining employees. Employers have taken note of this correlation: three-quarters (**74%**) surveyed say they have increased their commitment to promoting wellbeing. However, only **50%** of employees say they have seen an increase in support, indicating a troublesome gap in how employers and employees see their organizations' efforts to support and enhance wellbeing.

Top drivers of retention

1:1 correlation = a perfect driver of retention
0.5 and above = a strong correlation



Why this matters

46% of workers are actively considering a job change, up from **35%** in 2022

Job dissatisfaction is more common than employers may realize

63%

of employees would change jobs for better benefits

1 in 4

employees report they are not satisfied with their jobs or are not able to be productive

53%

of Gen Z are considering a job change

How do Employees Rank their Wellbeing?

Employee wellbeing increased by an average of 20 points across all dimensions of wellbeing – a positive sign, and nearly half feel better off physically in terms of work/life balance.

But despite improvements, wellbeing efforts are still needed as the majority of employees indicate they want more resources across all dimensions of wellbeing. Almost **1 in 5** respondents reported worsening physical, mental and financial health.

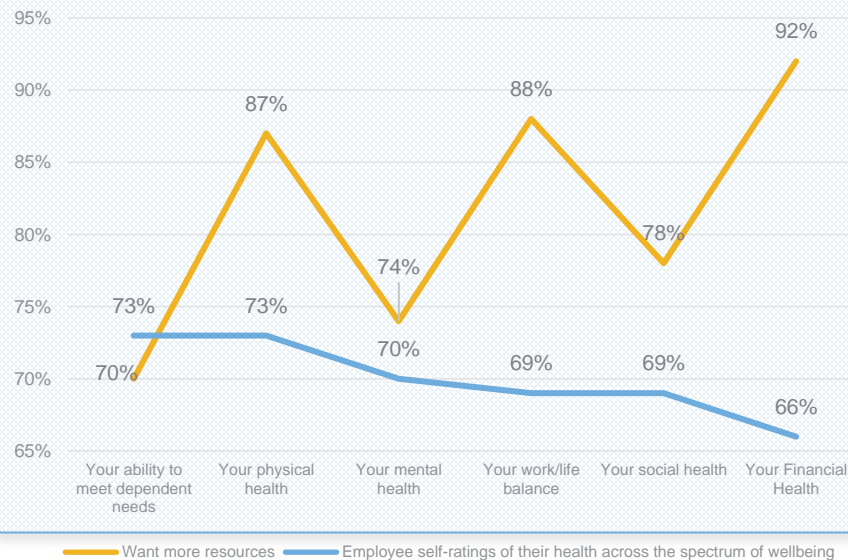
Employer estimates of wellbeing versus employee self-ratings track much more closely in 2024, reflecting movement toward addressing the wellbeing gaps noted in our 2022 survey. This suggests employers are more aware of challenges employees continue to face.

Average wellbeing scores varied greatly by industry, with healthcare, retail and higher education in the worst shape, and business services, tech and financial sectors doing much better.

The gender difference

Women self-rated their wellbeing lower than men across all dimensions of wellbeing

Assessing the gaps: Employee self-ratings of their wellbeing and their desire for more support



Employees Rank Financial Wellbeing the Lowest and Almost All Want More Resources

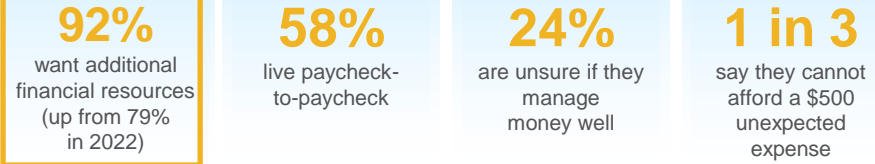
The American economy has avoided a recession, but inflation and higher interest rates mean households are spending more on bills, food, gasoline and housing. While two-thirds of employees rate themselves financially healthy, this was lowest across all dimensions of wellbeing and a troublesome **58%** live paycheck-to-paycheck. Additionally, **55%** say they are doing the same or worse financially since a year ago.

Employees believe “improving financial wellbeing” should be their employers’ top priority for wellbeing initiatives. “Saving money” was also listed as a top employee need. Yet, this is a considerably lower priority for employers, a disconnect that employers should consider when evaluating program resources.

Perhaps reflecting frustration with continued healthcare cost increases, employers are planning their greatest investments in wellbeing programs to support physical health.

But there is some good news for employees – **72%** of employers say they are “likely” to address financial wellbeing in 2024. Employer interest in offering financial benefits such as financial coaching, emergency savings, support for medical expenses and long-term care also increased significantly compared to our 2022 survey data.

Employees are struggling financially



Employers are aware of financial hardship



Rising Medical Costs Further Impact Employee Financial Wellbeing

Medical and pharmacy costs keep rising. According to Gallagher's 2023 Workforce Trends Report, **1 in 2** employers increased employee cost sharing in 2023. Meanwhile, nearly **1 in 3** employees say they want additional support for unexpected medical expenses, up from **23%** in 2022. Also of concern, **56%** of employees say inflation and/or rising costs will delay or impact their ability to obtain healthcare in the coming year.



Employers seek creative solutions to rising medical costs

As more employers look to address rising medical costs, they are seeking creative solutions to help minimize the impact to their benefit budgets, while also helping employees to manage medical expenses. Among employer respondents, **79%** are interested in supplemental medical options that are priced competitively, have appropriate utilization and allow for easy claim payments. Among the emerging strategies employers consider offering:

- Automatic claim payments that integrate with medical claims
- A plan that automatically pays cash benefits upon diagnosis of a covered condition using ICD-10 codes (no accident or hospitalization requirements)
- A health payment account that allows employees to tap into a small line of credit to pay out-of-pocket medical, dental, vision and pet costs upfront, and then choose an interest-free payment plan to repay via payroll deduction based on a timeframe that works with their budget

Employees are struggling to pay medical bills

31%

want help with medical expenses

56%

say costs will delay or impact their ability to obtain healthcare

Mental Health Remains a Concern with High Levels of Stress and Burnout



Mental wellbeing gaps are real

While mental wellbeing shows signs of improvement, challenges continue with employees looking for more help. Both employers and employees agree on prioritizing mental health – it is the #2 employee priority, tied with reducing risk of burnout, and the #3 employer priority.

Nearly **1 in 5** employees cite deteriorating mental health, with employees in healthcare, retail and higher education reporting the lowest self-ratings. Younger employees are more likely to seek more mental health resources from their employer – **51%** for Gen Z compared to **28%** for Baby Boomers.

Employees continue to look to their employer to help enhance this critical aspect of total wellbeing. Yet there's a **29%** perception gap (the largest in all types of wellbeing) between how employees and their employers say that current support is helpful: **59%** of employers think so compared to only **30%** of employees.

Employees are looking for continued support and creativity in solutions, as well as supportive cultures.

Employees are looking for resources to support their physical and mental wellbeing

52%

want support for stress/burnout

35%

want support to improve sleep

40%

want support for anxiety/depression

High-Cost Disease Management Requires New Approaches



Employees looking for more support tackling weight loss

Another growing area for increased support is weight loss – nearly **1 in 3** employees say they want more resources for combating obesity. This jumps to nearly **41%** for Gen X. With the recent spike in demand surrounding GLP-1 drugs such as Ozempic and Wegovy, HR decision makers must balance the cost versus how this creates a better benefits package as well as helps boost mental and physical health.



Employers are broadening support for cancer treatment and prevention

Employers are beginning to see the impact of COVID-19 due to delayed care and many anticipate more late-stage cancers. For most employer plans, cancer has overtaken musculoskeletal conditions as the top driver of large companies' healthcare costs.* There has also been a rapid development of new diagnostics, drugs and treatments, such as immunotherapy and targeted therapy, along with genetic testing which are being used to screen more types of cancer. In the current economic climate, and with healthcare costs and oncology spending on the rise, employers plan to invest in new solutions and in their employees.

Employers are investing in new solutions to support cancer prevention and treatment

76%

will have a cancer Center of Excellence (COE) in place by 2025*

50%

have at least one cancer prevention program in place*

1 in 5

plan to offer voluntary cancer support and savings benefits

Employee Wellbeing Needs Vary by Life Stage and Demographics

The survey revealed notable differences in wellbeing across life stages, genders, income levels and other demographic segments such as communities of color, reinforcing the importance of employers to taking a data-driven approach to the design of their benefits and wellbeing programs. For example, the data shows:

- Women rate their wellbeing lower than men in all areas of wellbeing
- Younger employees seek more resources overall from their employers
- Lower income employees prioritize support for day-to-day expenses
- Nearly **40%** of Millennials identify as parents and priorities include family forming benefits, childcare and education support

To address these diverse needs, more employers are considering offering lifestyle planning accounts (LPAs), an increasingly popular strategy that can be used to address a variety of wellbeing needs – 66% of employers said they plan to evaluate LPAs in the coming year.

Top benefits valued by Gen Z

- Student loans
- Anxiety/depression
- Emergency savings
- Budgeting/money management
- Improved credit score
- Pet health

Top benefits valued by Gen X

- 529 college savings
- Long-term care readiness
- Identity/cyber protection
- Elder care
- Musculoskeletal issues
- Exercise

Top benefits valued by Millennials*

- Child education
 - Child caregiving
 - Pregnancy/fertility
 - Life/disability
 - Banking services
 - Tuition assistance
- *Largest segment of the US workforce

Top benefits valued by Boomers

- Retirement readiness
- Charitable involvement
- Elder care
- Identity/cyber protection
- Unexpected medical expenses
- Chronic condition management

Employers recognize employees have different needs

67%

of employers' plan to offer greater benefit personalization and choice

Employers Continue to Adapt and Tailor Offerings Based on Demographic Needs



Employer determination to support diversity, equity, and inclusion continues to rise

Employer commitment to diversity, equity, and inclusion (DE&I) is also improving:

- **77%** of employees say their organization is committed to social justice, diversity and inclusion (vs. **69%** in 2022)
- **76%** of employees say their organization's benefits program provides diverse offerings for a diverse workforce (vs. **68%** in 2022)
- **77%** of employees say people of all cultures and backgrounds are respected and valued (vs. **76%** in 2022)



Employers are reviewing long-term care options

Approximately **1 in 2** employers plan to review long-term care options in 2024. This reflects a growing interest among employers as more US states consider adding a payroll tax for workers who do not own long-term care (LTC) insurance.

Long-term care also ranked as a top benefit employees would like to see their employer offer.

Employees Want Family-Friendly Benefits and Support



Accessing family-forming and dependent benefits is an increased priority for employees

- Employees' desire for more support for dependents saw the largest increase – jumping to **70%** as compared to **50%** in 2022
- Nearly **1 in 3** employers said they plan to prioritize women and parents as part of their benefits strategy, with support for overall wellbeing and mental/emotional health deemed most likely to deliver results
- Employee expectations cannot be ignored if employers want to attract talent. These benefits provide a differentiated value proposition that help to reduce distractions and support productivity

Employee interest in these resources jumped in 2024 compared to 2022

22% vs. 15% Child education/tutoring

21% vs. 18% Child caregiving

14% vs. N/A Paid caregiver leave

13% vs. 5% Pregnancy/fertility

20% vs. 11% Child medical conditions such as autism

15% vs. 10% New baby support

Voluntary Benefits Play a Key Role in Supporting Employee Wellbeing

Using voluntary benefits to attract and retain key employees continues to be a strong wellbeing strategy for employers. **On average, employers offer 13 voluntary benefits (up from 11 in 2022), and plan to introduce 4 more.**

Many voluntary benefit options are available so the challenge for employers is to identify the top needs and priorities given the profile of their workforce and then prioritize offerings to deliver the greatest impact.

Top voluntary benefits offered by employers

- | | |
|---------------------------|--------------------------------|
| 1. Supplemental life/AD&D | 6. Identity theft protection |
| 2. Critical illness | 7. Pet insurance/pet discounts |
| 3. Legal services | 8. Mental/emotional health |
| 4. Discount marketplace | 9. Hospital indemnity |
| 5. Health accident | 10. Vision |

Fastest growing voluntary benefits

- | | |
|-----------------------|-------------------------------|
| 1. Long-term care | 6. Cancer support and savings |
| 2. Emergency savings | 7. Identity theft protection |
| 3. Caregiving | 8. Pet insurance |
| 4. Financial coaching | 9. Hospital indemnity |
| 5. Critical illness | 10. Student loan support |

* Based on the change in employers offering between 2020 and 2024

Employees recognize the value of voluntary benefits

75%

say benefits through their employer provide a better value than buying similar services themselves, vs. 61% in 2022

77%

say voluntary benefits are an essential part of a comprehensive benefits package (vs. 68% in 2022)

Employers view voluntary benefits as a key part of their benefits strategy

61%

plan to expand voluntary benefits

86%

agree voluntary benefits are key to their wellbeing strategy

53%

have expanded voluntary benefits since the pandemic

74%

see direct cost savings from voluntary benefits programs

Employees Seek Paid Time Off (PTO) Flexibility

Of all the resources employers can offer, PTO ranks near the top for employees, with **37%** of employees wanting their employers to provide more flexibility in their PTO policies, up from **34%** in 2022. Gen Xer's interest in more flexibility jumped from **31%** in 2022 to more than **50%** in 2024, showing their increased desire for work-life balance.

For employees with unlimited PTO, **62%** reported having a good balance with work and personal life in 2024. Recognizing the adverse effects on job satisfaction, productivity and wellbeing when employees have insufficient flexibility and/or time off, employers are responding. Emerging strategies include crediting work experience, offering more days off and additional paid leave for family emergencies and converting unused days to financial wellbeing dollars.



Employers are More Likely to Offer Creative Benefit Solutions for Nontraditional Workers

The tight labor market has helped part-time workers demand the kind of working conditions, hours and even benefits they want; there are nearly two openings for every worker seeking a job.* As a result, as compared to 2020, employers are four times more likely to prioritize benefits for part-time/gig workers. Additional national context includes:

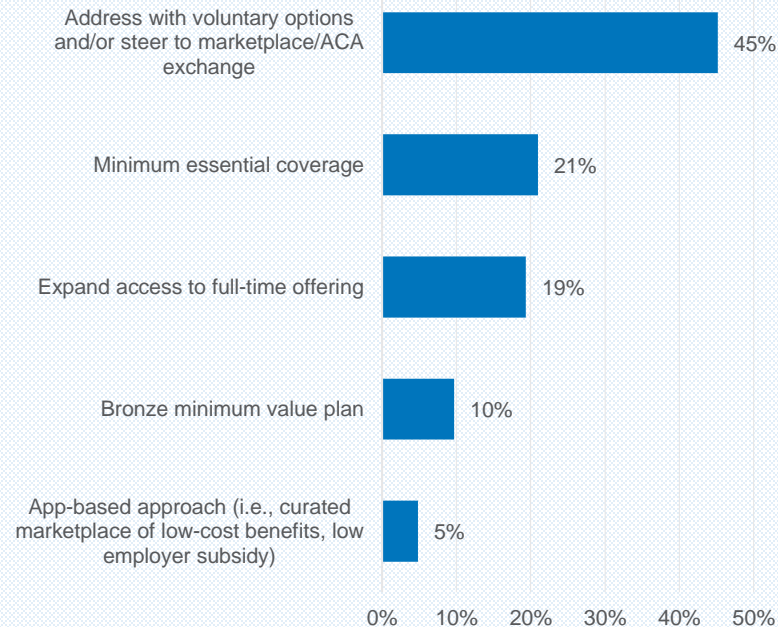
513% increase in contract, seasonal, part-time, or hourly employees**

63% of part-time workers are women*

About **1 in 4** Black, Asian and Hispanic working age persons are employed on a part-time basis*

For displaced employees, more employers are also offering alternatives to COBRA. Providing lower-cost medical plan alternatives to employees who are newly COBRA-eligible can significantly reduce claims costs and provide employees with more affordable marketplace options.

Top approaches used by employers to extend benefits to nontraditional workers



* Bureau of Labor Statistics data

** U.S. Bureau of Labor Force Statistics, January 25, 2023

Employees Want to Speak with a Professional Benefit Counselor about their Benefits

Although benefits have a positive impact on retention, a high percentage of employees (**55%**) wish they had a better understanding of their benefits; understanding is lowest at younger ages and rises with advancing age.

Both employers and employees are less confident about the quality of communications for wellbeing programs and voluntary benefits. This points out another gap between workers and employers, as employers' preference for online platforms, webinars and videos exceeds that of employees.

Employers need to incorporate a balance in high-tech and high-touch solutions to ensure understanding, appreciation and effective use of resources that drive improved well-being behaviors and outcomes. In today's electronically tethered communication milieu, our employee research uncovers employee sentiment as basic as, "If it's important, couldn't someone also talk to us?"

Employers appear to be getting it: Approximately **1 in 2** employers also agree they could benefit from using professional benefit counselors.

A significant percentage of employees say they want to speak to a professional benefits counselor about these benefit topics

80%

Overall benefits

80%

Annual enrolment

78%

Voluntary benefits

78%

New hire onboarding

77%

Wellbeing program

Closing the Benefits Communication Gap

To close the gap between employer and employee priorities, communication clearly needs to be a two-way street. Employers can use focus groups, surveys and other tools to gather ongoing feedback to discern what is working or not and define go-forward priorities and communication strategies.

Given the lack of understanding and the complexity of today's benefits offering, it is more important than ever to personalize messaging. Employers and employees agree professional benefit counselors are valued for delivering targeted communication to help employees better understand, choose and use their benefits – to drive desired outcomes for employers and their diverse employees.



Point Solution Proliferation Requires Prioritization

Today, core benefit solutions are vital but it is clear more tailoring is needed beyond the classic core benefits. While point solutions can help in providing the latest and greatest health and wellbeing benefits, when there are too many it can become confusing for participants to know where to go for the resources they need. This can lead to wasted costs and point solution fatigue for employers and employees alike.

Monitoring vendor performance and impact is too often overlooked or handled in a cursory fashion: one-third of employers do not measure or are unsure of the impact of wellbeing programs. More than one-third of employers say they do not receive data on their voluntary programs and do not understand the level of employee use as reported in claims and loss ratios.

The challenge for employers is how to define their strategic focus, measure what is working or not working and determine the right balance of programs and support. This, in turn, can help them to prioritize wellbeing investments. Employers should constantly reevaluate point solutions to determine continued relevance, performance and alignment with evolving strategies for assessing and meeting employees' needs.

Employers do not always have the information they need to make informed decisions

1 in 3

do not receive voluntary benefits utilization information (loss ratios, claims, etc.)

1 in 3

do not measure the impact of their wellbeing programs or are not sure



Continue to Read the Tea Leaves

In the last four years, employers' awareness of the importance of implementing wellbeing programs to support their employees has risen dramatically. Most believe that deploying proactive, creative rewards and wellbeing strategies enhances the value of the total rewards package, elevates the employee experience and improves talent attraction and retention. Employers know employee expectations are ever higher.

While this year's survey shows a few percentage point improvements on some wellbeing measures as compared to our 2022 survey (and many surveys out there), this does not suggest we have rebounded from the pandemic and its effects on wellbeing in the workplace. Employee expectations – including rising interest in voluntary benefit options highlighted in the survey – remain high and they expect employers to offer effective, targeted and personal ways to support physical, mental and financial health.

Employers, in turn, must continue to “read the tea leaves” and find creative ways to meet those expectations. The key is vigilance in understanding what your workforce needs and bringing a strategic focus to your organization's total rewards.



About Arthur J. Gallagher & Co.

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