



# Employee Benefits Report



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## Administration

# Time to Rethink Existing Benefit Strategies

American workers continue to report alarmingly low levels of overall well-being, according to the latest research. Just one-third say they are doing well when their physical health, mental health, and financial stability are taken into account.

Financial wellness accounts for the largest share—about 40%—of how Americans view their overall well-being. This highlights the outsized impact that financial stress has on how people feel about their lives more broadly.

With open enrollment season recently wrapped up, employers have a prime opportunity to rethink how their benefits packages might be impacting their employees' health and prosperity.

Rather than just offering more benefits, strategically enhancing existing offerings can go a long way in providing meaningful support. By focusing on overall well-being, companies can hone their benefits in a way that gives them a real competitive edge.

## Embedding Wellness Services

Forward-thinking employers are finding ways to embed wellness services directly into mainstay benefit offerings, creating integrated solutions that proactively support needs. For example, some leading disability carriers now include access to caregiving assistance directly in policies.

Of the 48 million Americans caring for a family member, 61% juggle full-time work with their caregiving responsibilities, regularly facing decreased

## This Just In ...

### Wage Growth Starts to Lose Steam as Labor Market Cools

Compensation growth slowed slightly in the third quarter of the year, signaling that the white-hot labor market is cooling off.

The latest data from the Bureau of Labor Statistics' Employment Cost Index (ECI) shows that compensation costs, including wages and benefits, rose 0.8% from June to September. While still an increase, it marks a deceleration from the 0.9% growth in the second quarter. On an annual basis, compensation was up 3.6% in September—down from 3.9% in June and 4.3% a year ago.

Experts note that the tapering aligns with broader inflation trends, which have also been on a downward trajectory after hitting 40-year highs earlier in 2024. The data reinforces other indicators of a gradual cool-down, with moderating salary growth across all civilian workers and benefit cost increases slowing among private employers.

### The Numbers Behind the Slowdown

Wages and salaries increased 0.8% quarter-over-quarter, while benefit costs were up 0.8% in Q3—both a notch below last quarter's 0.9% rise.



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productivity, increased absenteeism, and a greater likelihood of having to take unpaid leave.

Specifically, half of working caregivers cite having “fair” or “poor” financial health, indicating substantial struggles. By combining income protection with caregiving resources like help accessing in-network providers and sourcing childcare, disability carriers provide working caregivers with comprehensive support during difficult times.

This also boosts workplace engagement and productivity by giving caregivers built-in help without having to seek additional services themselves.

Another emerging trend is embedding tobacco cessation programs within dental insurance plans. Despite declining overall usage rates, nearly one-third of working Americans still use tobacco products, which can negatively impact financial health due to higher medical spending and other costs.

However, 70% express a desire to quit. By joining forces, forward-looking dental carriers and digital therapy providers are now offering members seamless access to specialized quitting assistance. This includes one-on-one coaching, cognitive behavioral techniques, and medication support if appropriate, helping users overcome addiction through dentistry plans they already have.

### Supplemental Health Solutions

With steadily rising healthcare costs and just under 50% of workers doubting their health plans would fully cover a major expense, supplemental health products like accident, critical illness, cancer, or hospital indemnity insurance are taking on renewed relevance.

These policies provide cash payments that can help bridge coverage gaps and meet out-of-pocket medical costs. The latest research reveals that employees with supplemental health benefits feel markedly more financially secure and report better overall well-being.

Streamlining access to these resources is also key. Some leading carriers now leverage existing claims processes, like short-term disability, to automatically check for and initiate relevant payments from supplemental policies their customers already have.

This simplifies the experience dramatically for employees navigating illness or injury—getting them needed cash faster without requiring duplicate paperwork. Support providers agree optimizing these handoffs represents a major opportunity to strengthen current benefit offerings.

For example, when an employee files a short-term disability claim after an accident, their carrier can immediately review medical records and release applicable payments from supplemental accident or hospital insurance.

This puts money in the employee's pocket quicker while reducing administrative hassle during recovery. Expert analysis finds that a majority of workers underestimate the value of streamlined coordination between health benefits, so education is paramount.

### Proactive Communication Is Essential

While reconfiguring core benefits to holistically serve employee well-being is an important start, clearly and proactively communicating offerings is equally essential. With so many Americans financially strained and emotionally taxed, it's important for employers to educate workers about all the resources available to them.

Specifically, only around one-third of employees feel their health plans would fully cover a major medical issue, or that their mental health or physical health is thriving. Given heightened financial anxiety, messaging should explicitly spell out how different benefits work jointly to provide mental, physical, and financial stability when the unexpected occurs. This includes explaining how supplemental health products fill coverage gaps as well as how caregiving support keeps caregivers protected.

To communicate these programs optimally, a mix of channels should be used, including simple email templates, infographics in breakrooms, short videos on employee portals, and in-person seminars allowing for questions. With so much to juggle in life and work, employees often appreciate multiple touchpoints to fully grasp available benefits aimed at alleviating their pain points. Proactively reaching out also signals that leadership cares.

Over the last 12 months, wage growth for state and local government employees has fallen from 4.9% to 4.7%.

Meanwhile, benefits cost increases slowed dramatically, from 3.9% year-over-year in Q3 2023 to just 3.3% in Q3 2024. Experts say budgeted 2025 salary increases may follow suit, projecting minimal upticks from this year's actual raises.

The Federal Reserve watches indicators like ECI closely when deciding interest rates. For employers planning 2025 compensation, the data signals that the rapid pace of pay hikes over the past few years may be ending. Moderation could allow benefits budgets some relief as well after sharp cost jumps. ■



# Does Your Wellness Program Needs an Inclusion Check-Up?

**W**ellness programs aim to improve employee health and well-being. But many miss the mark on inclusivity, potentially doing more harm than good by alienating swaths of the workforce. Experts say now is the time for employers to take a hard look at their offerings to ensure programs nurture all employees.

## Rethinking Wellness Program Goals and Messaging

Typical wellness challenges focus narrowly on physical fitness and weight loss, premised on assumptions that employees aren't active or fit enough. This narrative fails to recognize that health encompasses much more than diet and exercise habits. Often this approach can shame and deter the very employees such programs aim to help.

Well-being encompasses physical, mental, emotional, financial, and even spiritual health. Employees have diverse abilities, disabilities, interests, and access to resources. Programs centered solely around fitness paint an incomplete picture of health and disenfranchise some people by setting arbitrary benchmarks.

Experts advocate that employers shift the focus from weight loss to holistic well-being. Messaging should also emphasize personal milestones over competition. Options like yoga, mindfulness, and financial education demonstrate how companies value all dimensions of health.

## Checking Programs for Built-In Biases

Before advertising yet another step challenge, employers may want to determine whether their current offerings accommodate people across the spectrum. Do activities include modifications for various abilities, disabilities, and fitness levels? Have organizers considered how medical conditions—both

visible and invisible—may limit participation? What about economic barriers inherent in certain sports?

A program focused on an activity like cycling, for instance, presumes employees own expensive equipment and live near accessible trails. Such selection bias risks alienating those unable or uninterested in participating in that particular activity.

## Promoting Optional Participation

Mandating involvement in wellness initiatives frequently backfires. Employees pressured to join fitness competitions or hit health metrics can feel singled out or ashamed if unable to meet goals. Stress

over forced participation compounds if workers fear reprisals.

Experts advise that employers allow employees to opt into programs voluntarily. This approach respects individual readiness to pursue behavior change while giving workers autonomy over sensitive health issues. Participation hinges on genuine personal investment rather than coercion. Education and incentives work better to drive engagement.





## Prioritizing Inclusivity in Program Facilitators

Many organizations hire external partners to orchestrate wellness programs. Experts emphasize that employers must confirm third-party instructors or that facilitators receive training on leading inclusive, accessible sessions.

If not, uninformed program leaders risk alienating participants through insensitive remarks or fail to provide appropriate modifications. Employers should probe partners on their expertise to run inclusive workshops and preparedness to adapt activities as necessary.

## Offering Broad Programming to Attract All Employees

Wellness programs shouldn't just be about scheduling Zumba classes at lunch. Truly inclusive offerings incorporate activities that align with a variety of interests and not just physical pursuits such as team sports or 5Ks.

Experts suggest providing sessions both during and outside working hours to remove scheduling barriers. Recording any workshops enables on-demand access for remote employees or those working non-standard shifts. Consider book clubs, volunteer projects, continuing education, mental health seminars, and family outings to support holistic well-being.

## Surveying Employees to Continuously Improve

The path to inclusive wellness requires regularly checking in with employees to assess their evolving needs and interests. Anonymous surveys and focus groups yield candid input on how current offerings hit or miss the mark.

Program participation metrics also reveal uptake gaps amongst certain groups. Experts stress that employers must listen to feedback, review participation data and take action to incrementally improve. ●

# Closing the Financial Inclusion Gap: How Employers Can Help

There is growing bipartisan support for the concept of financial inclusion—ensuring all people in the U.S. have access to basic wealth-building tools like retirement accounts. In October 2024, the U.S. Treasury Department declared household financial security a national priority needing coordinated public and private action.

A financial security policy expert stated that the recent election made clear personal finances are top-of-mind for people because their household budgets drive their interests in what leaders should focus on.

While some financial inclusion metrics show positive trends, others reveal stagnation or decline, especially among low-income and minority groups.

According to the expert, this indicates the current system is not working for everyone. The expert added that employers are often well-positioned to help people when they face financial decisions requiring guidance.

## Offering Information When Employees Need It

Experts advise that one vital role of human resources is providing good financial information

when employees need it, like during open enrollment periods. Complex paperwork has often deterred people from signing up for retirement plans or insurance in the past. Simplifying forms and using auto-enrollment increases participation.

Around one-third of companies still lack retirement plans. Experts urge them to consider more affordable savings options with automatic enrollment. Employers already offering retirement accounts could provide emergency savings plans, which help retain wealth by preventing retirement drawdowns during crises.

## Measuring the Success of Financial Inclusion Efforts

The Treasury Department's recommendation urges organizations to prioritize financial security as a goal. By establishing metrics, the effectiveness of initiatives, such as improving access to savings options, can be tracked and improvements initiated.

For instance, boosting retirement plan participation requires collaboration between employers, accountants, investment managers, and government agencies overseeing pertinent regulations and tax incentives.

## Key Financial Inclusion Metrics & Trends

Experts point to various statistics that demonstrate where financial inclusion efforts are working or falling short. Key metrics and trends include:

- Prime credit scores: Over 53% of U.S. adults
- Retirement savings adequacy: Only 49% of working-age households
- Access to bank accounts: 96% of households
- Short-term savings: Just 45% have at least six weeks' emergency funds



- **Long-term savings effects:** In the pandemic, those with emergency savings were significantly less likely to tap retirement funds.

### **Bipartisan Support for Financial Inclusion Goals**

Experts believe financial inclusion retains bipartisan support despite expected federal policy shifts. Whether people can access essential financial tools like retirement accounts, emergency savings, and bank accounts is something all leaders should support, regardless of ideology.

### **How Employers Can Promote Financial Security**

Companies can advance financial security for staff through several concrete measures:

- **Offer Information**

When relevant, provide useful financial details during open enrollment periods and other key moments.

- **Simplify Account Sign-ups and Re-enrollment**

Auto-enroll employees in retirement savings and insurance plans. Auto-re-enroll them when eligible for higher contributions.

- **Consider Cost-Effective Retirement Savings Accounts**

One-third lack retirement plans. More affordable options with automatic enrollment can help.

- **Add Emergency Savings Accounts**

Help workers preserve retirement wealth by providing vehicles to build short-term savings.

- **Measure Financial Success**

Track participation, contribution, and opt-out rates to gauge engagement and where to improve.

### **The Role of Emergency Savings in Financial Inclusion**

Emergency cash buffers are growing in popularity with employees, as research shows how they benefit in building long-term wealth. According to experts, they help households better survive financial shocks now while maintaining assets earmarked for later retirement. Emergency savings are essential for weathering current crises and achieving future retirement goals. ■





# Don't Leave Pet Parents in the Doghouse

There's a new family dynamic that employers need to consider: pets. With pet ownership at an all-time high, companies that don't support pet parents risk losing talent.

As of 2023, nearly 66% of U.S. households have a pet. This represents a steady increase. Thirty years ago only 56% of households had pets. The data shows no signs of slowing down.

Millennials make up the largest share of pet owners at 33%; they are three times more likely to have animal companions rather than human children. With Millennials also comprising the biggest segment of the workforce, their preferences carry workplace influence.



## Pets Improve Mental and Physical Health

Experts attribute the rise in pet ownership to several factors. With more remote and hybrid work options, employees enjoy the companionship and health benefits of having pets at home.

Research shows pets reduce stress, anxiety, and depression while encouraging more physical activity. A 2022 Human Animal Bond Research Institute (HABRI) survey found that 95% of pet owners consider their animals part of their family, while 98% said they experienced health benefits from pet ownership.

## Caring For Pets Affects Job Satisfaction

Pet care is taking a toll on working owners' ability to do their jobs. Per a 2024 Vetster survey, 7% of pet parents have quit a job to find another one more accommodating of animal care needs. Another 24% have considered it. Sixty percent would think about leaving if their job conflicted with pet care.

With pets top of mind, employees struggle to focus at work. Forty-seven percent are likely to job hunt due to demands of caring for pets when away. But only 39% say their workplace is "very" pet-friendly currently.

By not supporting pet parents, employers risk disengaged, dissatisfied employees—and turnover among animal lovers.

## Small Steps Reap Big Rewards

The good news is employers can take small, affordable steps to support pet parents—and enjoy big returns. The Vetster survey found one-third of employees said pet benefits would make them more loyal to their company and less likely to leave.

Easy starting points include allowing pets in the office on occasion, organizing pet-friendly employee events, and providing pet insurance or telemedicine benefits. These simple efforts give pet parents more flexibility and convenience.

As companies expand offerings, they can consider permitting pets regularly, allowing paid time off for vet appointments, and even offering pet bereavement leave. With each pet-friendly policy, they'll build goodwill and loyalty among animal-loving employees. ■

