2024 EMPLOYEE FINANCIAL WELLNESS REPORT

PAYROLL INTEGRATIONS

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2024
State of Employee Financial Wellness Report

Today, organizations need to offer value and support in the form of **robust employee wellness programs** amidst a social movement that is placing greater emphasis on **self-care, well-being, and work-life balance than ever before.**

To amicably meet shifting cultural norms on what defines a supportive workplace within a record-breaking inflationary market, organizations have many things to consider, from **better benefits education** to **more investment into health and dental insurance benefits** to the **vital role of technology in helping to assist those employees you do have.**

This is in organizations' best interests not only for the simple reason that it makes those employees more satisfied and secure (particularly for those high-skilled employees that are imperative to hold onto) but to avoid the negative—and costly—impacts of unhappy associates and excessive turnovers, both of which negatively impact the desirability of the workplace in a labor competitive 2024.

In response to today's belt-tightening economic climate, many employers have turned to the development, enhancement and expansion of employee wellness programs.

This report will discuss why that's a smart move in greater depth while providing key insights from Payroll Integrations' and Dynata's 2024 HR Benefits Survey.

The new survey **interrogates the relationship between employees and employers on employee benefits to understand where respective priorities are aligned.** The data was collected through Dynata's online panel in April of 2024 across 255 U.S. respondents (153 employees and 102 employers) aged 18-65. All respondents were employed full-time and any employers surveyed were management level and/or responsible for benefits management.

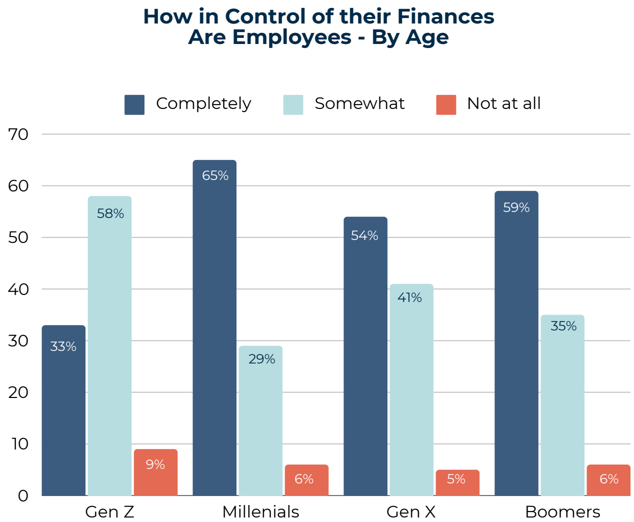
The survey's key findings demonstrate that organizations that work to advance employee financial wellness, benefits education, and who invest in those benefits are situated to enjoy a more financially stable and satisfied workforce. The report further underscores the need for ongoing improvement in these areas, particularly to support younger employees.

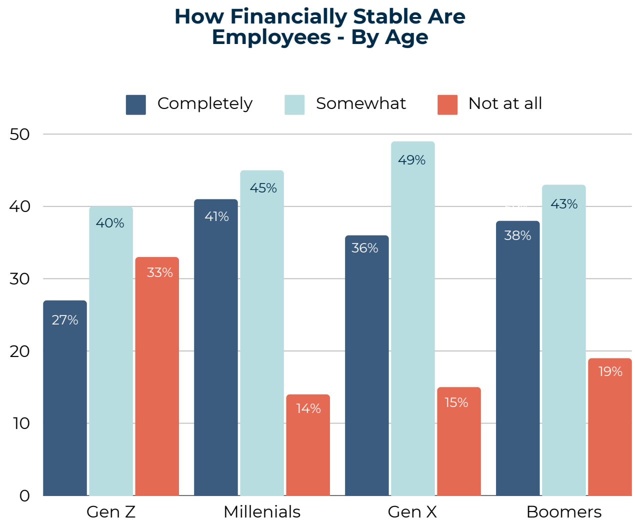
This report will first dive into the survey's findings in several key areas, including companies' roles in financial wellness, before examining employee benefits participation and familiarity, priorities in benefits improvement and investment, and the impacts of technology via modern benefits management solutions.

Putting a spotlight on generational differences

It is important to first highlight a key theme within the data: the differences in finances and views between generations. Among those surveyed, Baby Boomers, Gen X and even Millennials often largely agree. However, Gen Z is frequently and notably distinct from the positions of every generation preceding them (though there remain several broad agreements).

While this report will highlight this theme throughout the findings, this distinction is perhaps nowhere better highlighted than when cross-examining the data on perceived financial control and actual financial stability.





The majority of employees surveyed feel in control of their finances, with 93% noting they feel at least 'somewhat' in control and 54% of those indicating 'complete' control.

Gen Z was the least likely, however, to report 'complete' control at 33% of respondents compared to 65% of millennials (with similar results between Millenials and their two senior generations). That said, 58% of Gen Z still reported feeling they were 'somewhat' in control.

This is likely due to the generational wealth gap; while Millennials and Gen Z have seen their wealth grow by 80% in recent years according to data from the New York Federal Reserve, both generations are still a cumulative $94 trillion behind the Baby Boomer generation.[1]

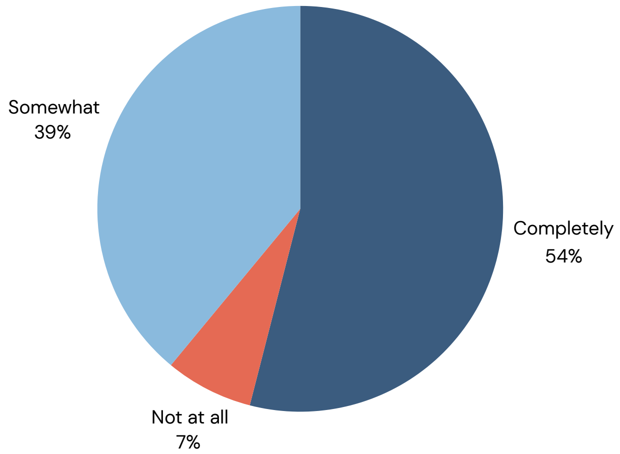
This gap appears again in how financially stable employees actually are, where 27% of Gen Z is 'completely' stable compared to 41% of Millenials, etc.

While Millenials are also affected by the wealth gap, there is likely less of a discrepancy within the data to reflect that due to many Millenials now being mid-career (and also suffering less of that gap compared to the Gen Z and Boomer divide).

Employees should remain mindful of the wide array of implications stemming from such a wealth gap, particularly when it comes to understanding any differences in views on the role of employers in employee welfare. Regardless, one key takeaway is this: from an employer perspective, all that this disparity highlights is **the need to increase investment in employee well-being to continue enticing talented, newly skilled employees.**

[1] "Millennial and Gen Z Wealth Has Grown by 80% in Recent Years, According to the NY Fed. They're Still $94 Trillion behind Boomers." Fortune, https://fortune.com/2024/02/07/millennial-gen-z-wealth-grown-80-percent-concentrated-select-few/. Accessed 23 May 2024.

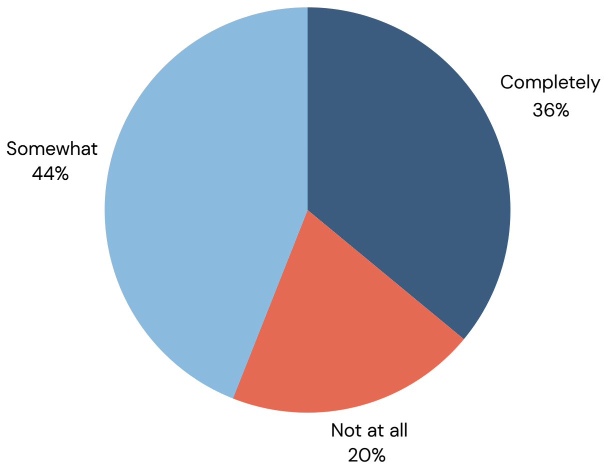
Further examining opinions on the role of organizations in financial wellness.



Financial Well-Being/In Control of Finances

(Total Employees; n=153)

Extent Employees Feel Employer is Responsible by Age				
	Gen Z (Age 18-26)	Millenials (Age 27-42)	Gen X + Y (Age 43-58)	Boomers (Age 59+)
*n=	33	49	39	32
Completely	33%	65%	54%	59%
Somewhat	58%	29%	41%	35%
Not at all	9%	6%	5%	6%



Financial Stability

(Total Employees; n=153)

Extent Employees Feel Employer is Responsible by Age				
	Gen Z (Age 18-26)	Millenials (Age 27-42)	Gen X + Y (Age 43-58)	Boomers (Age 59+)
*n=	33	49	39	32
Completely	27%	41%	36%	38%
Somewhat	40%	45%	49%	43%
Not at all	33%	14%	15%	19%

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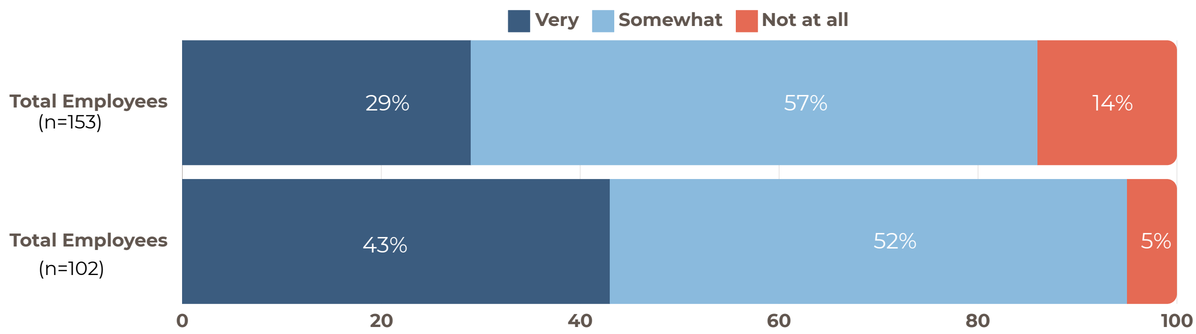
Furthermore, the data reveals a general agreement on the important role employers have in supporting employees' financial well-being.

Feel Employer is Responsible for Well-Being

(Total Employees + Employers)



Extent Employees Feel Employer is Responsible by Age				
	Gen Z (Age 18-26)	Millenials (Age 27-42)	Gen X + Y (Age 43-58)	Boomers (Age 59+)
*n=	33	49	39	32
Very responsible	24%	43%	26%	16%
Somewhat responsible	64%	43%	64%	63%
Not at all responsible	12%	14%	10%	21%

While employee and employer sentiments on how well employers are supporting their employees saw a 7% disagreement—with 61% of employees noting that they feel supported while 67% of employers feel that they are—this is perhaps less than might be expected and still indicates overall agreement.

There was a slightly wider disagreement on the subject of employer responsibility toward employees' financial well-being, where 95% of employers felt they were responsible to 86% of employees.

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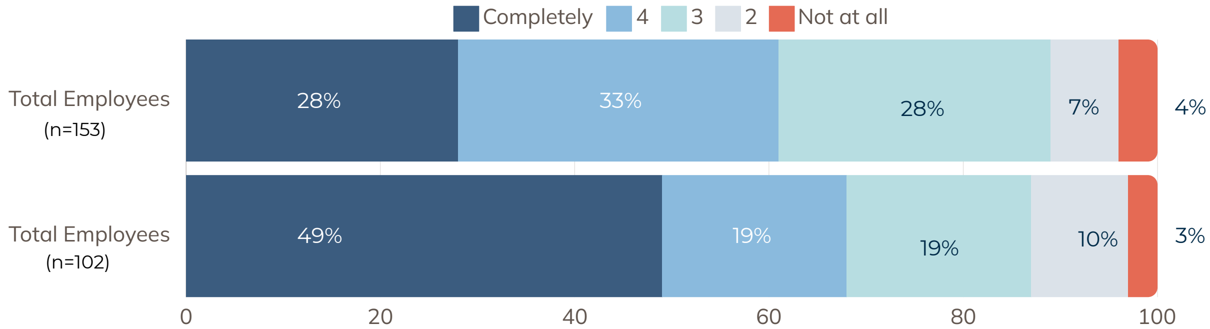
How Well Employer is Supporting Financial Wellness

(Total Employees + Employers)



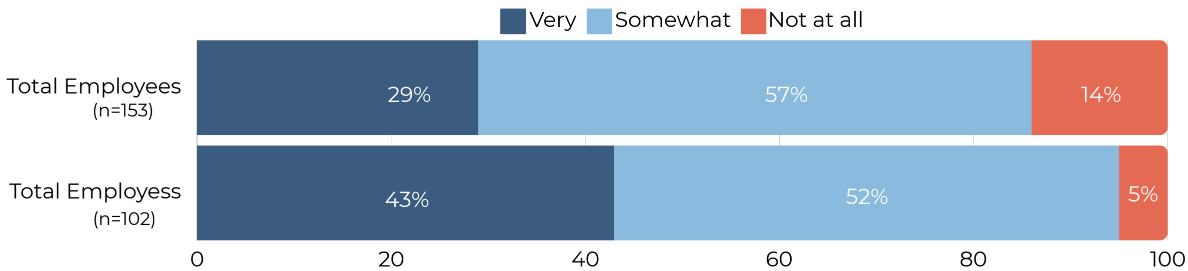
Extent Employees Feel Supported by Employer by Age				
	Gen Z (Age 18-26)	Millenials (Age 27-42)	Gen X + Y (Age 43-58)	Boomers (Age 59+)
*n=	33	49	39	32
5 - Completely supported	30%	43%	18%	16%
4	27%	31%	36%	41%
3	31%	22%	33%	24%
2	6%	2%	10%	13%
1 - Not at all supported	6%	2%	3%	6%

While employee and employer sentiments on how well employers are supporting their employees saw a 7% disagreement—with 61% of employees noting that they feel supported while 67% of employers feel that they are—this is perhaps less than might be expected and still indicates overall agreement.

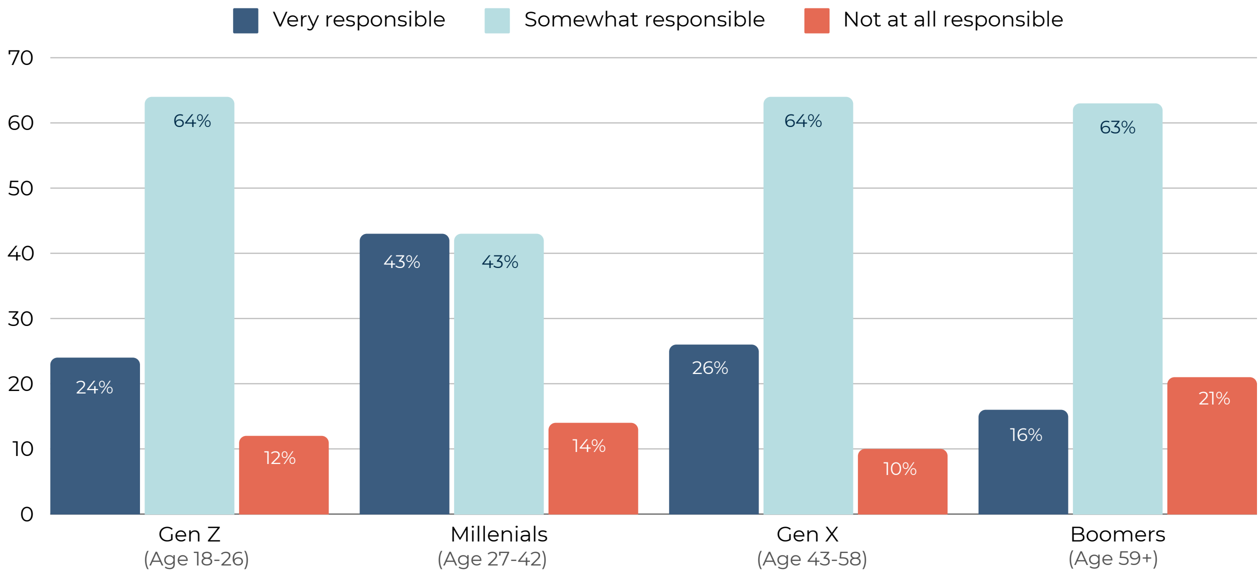
There was a slightly wider disagreement on the subject of employer responsibility toward employees' financial well-being, **where 95% of employers felt they were responsible to 86% of employees**.

Feel Employer is Responsible for Well-Being

(Total Employees + Employers)

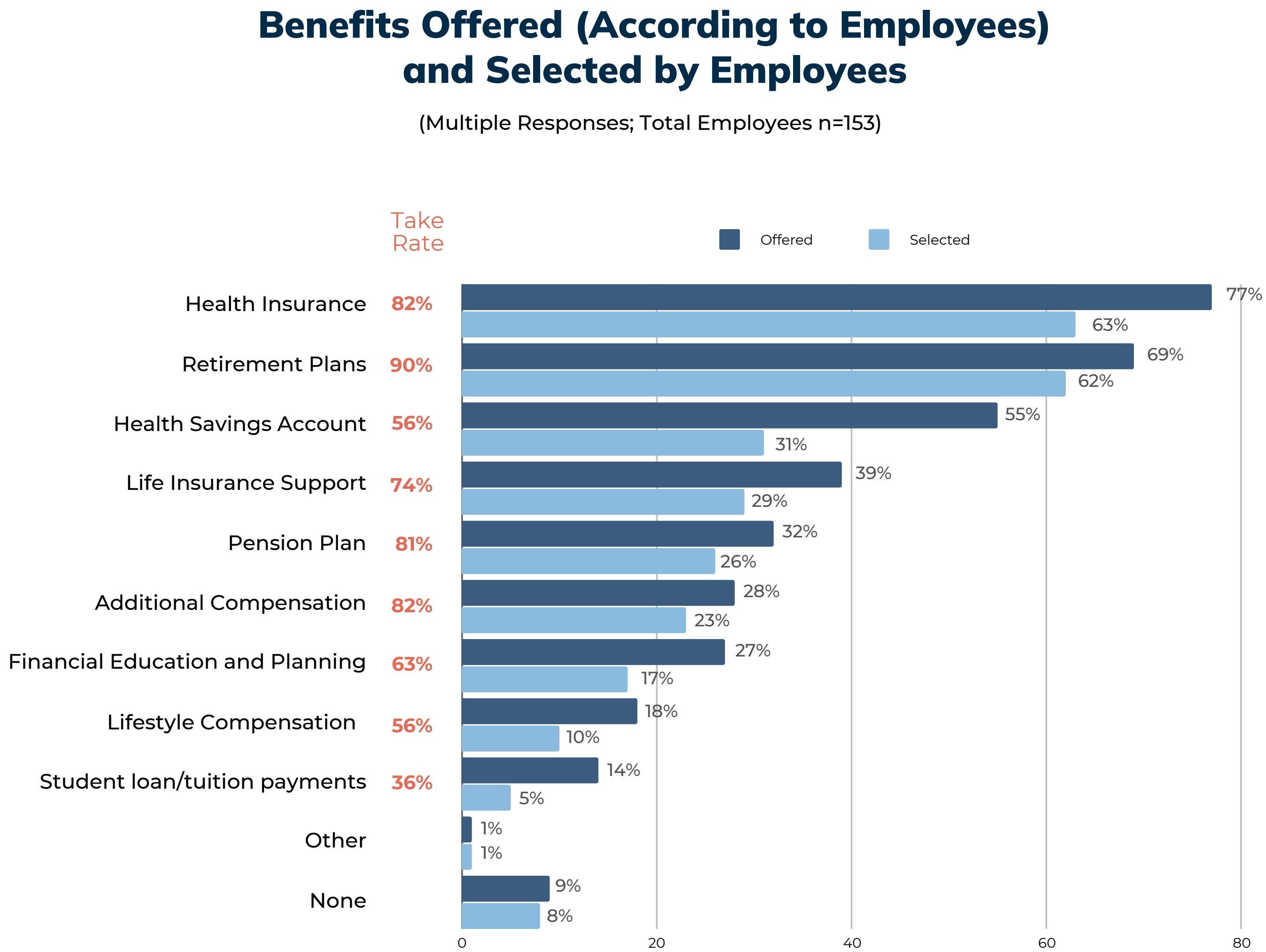


Extent Employees Feel Employer is Responsible by Age



Making it plain: Employee benefits participation and familiarity.

Moving to employee benefits, health insurance (82% participation) and retirement plans (90% participation) were polled as the most popular among employees.

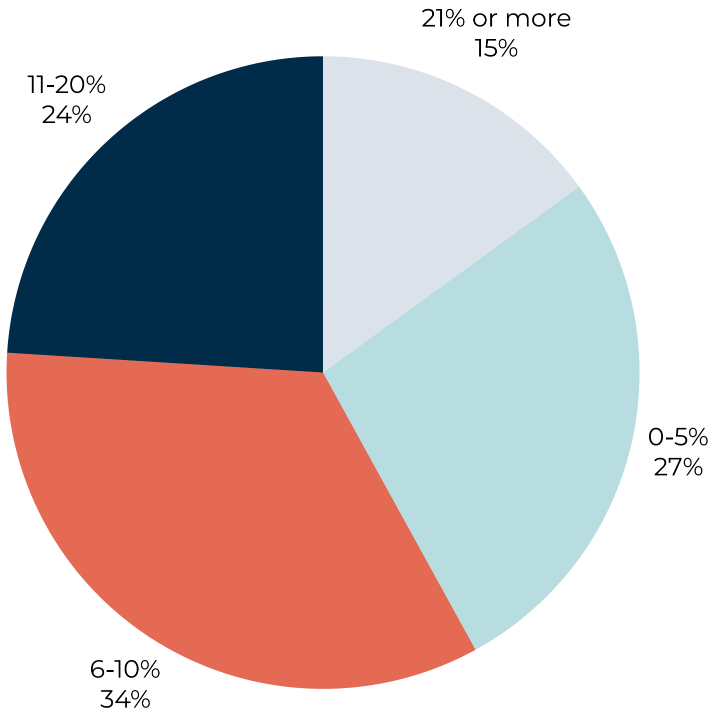


An average retirement contribution of 10.7% was found with plans to increase among 93% of respondents (with another 50% indicating that they'd increase contributions pending a raise or promotion). Though perhaps unsurprising at a time of rising healthcare costs,[1] the survey serves as a useful data point: employees must continue to prioritize these two primary benefit packages.

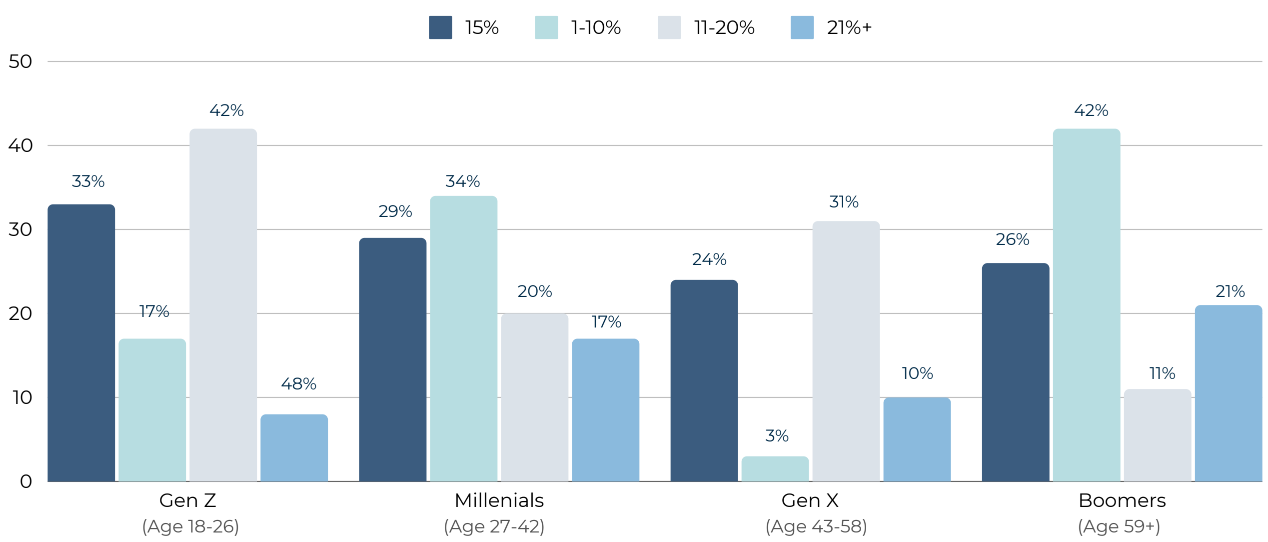
[1] "Trends in Health Care Spending." American Medical Association, 25 Apr. 2024, https://www.ama-assn.org/about/research/trends-health-care-spending.

Proportion of Salary Contributed by Age

(Employees Who Participate in Retirement Plan; n=95)

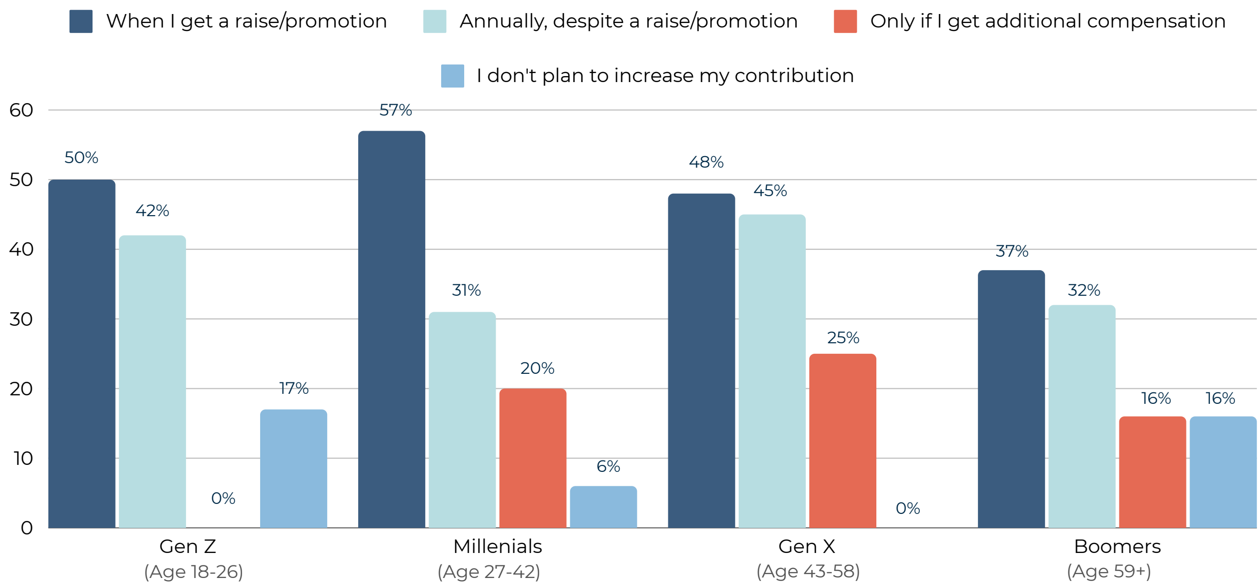


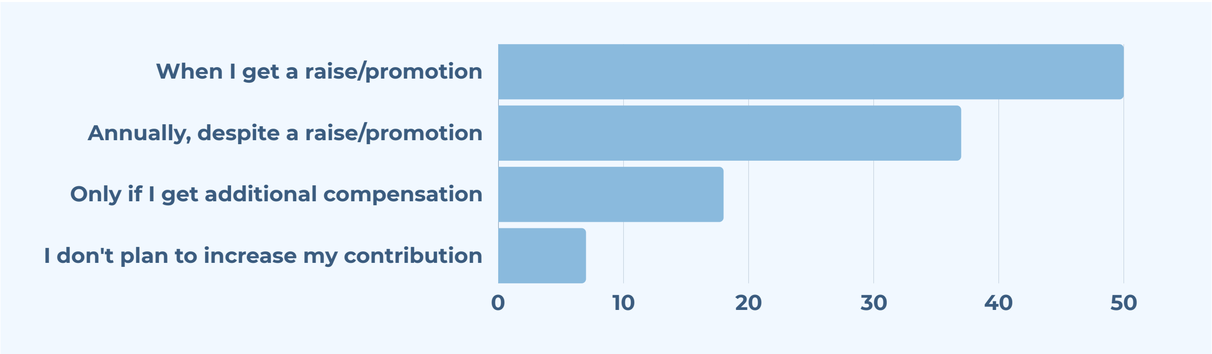
Average: 10.7%



When Employee Will Increase Contribution to Retirement Plan

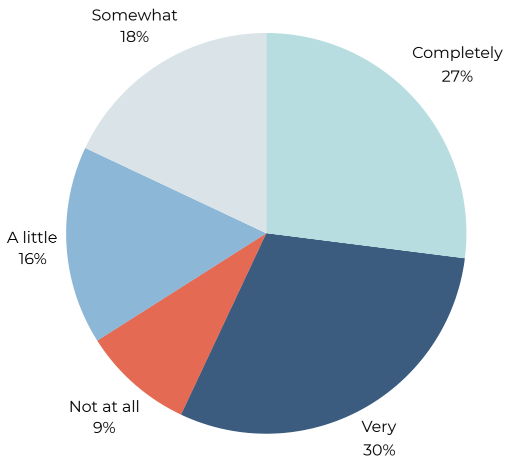
(Employees Participating in Retirement Plan; n=95) (Multiple Responses)





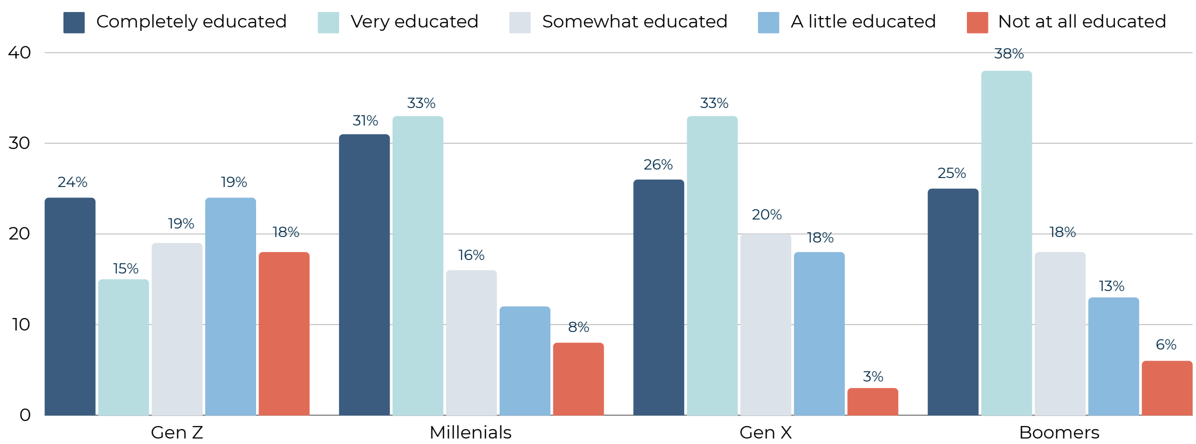
While 57% of employees feel ‘completely’ (27%) or ‘very educated’ (30%) about their company’s benefits, the results overall indicate a problem when, ideally, all employees should feel ‘completely’ informed as to their company’s benefits package. Certainly, 25% shouldn’t feel ‘a little’ or ‘not at all’ informed.

Again, a generational disparity can be seen, where Gen Z was the least likely to report feeling educated—42% reported feeling ‘not at all’ or ‘a little’ educated compared to 20% of millennials.



How Educated Employess Feel They are about Benefits

(Total Employees; n=153)

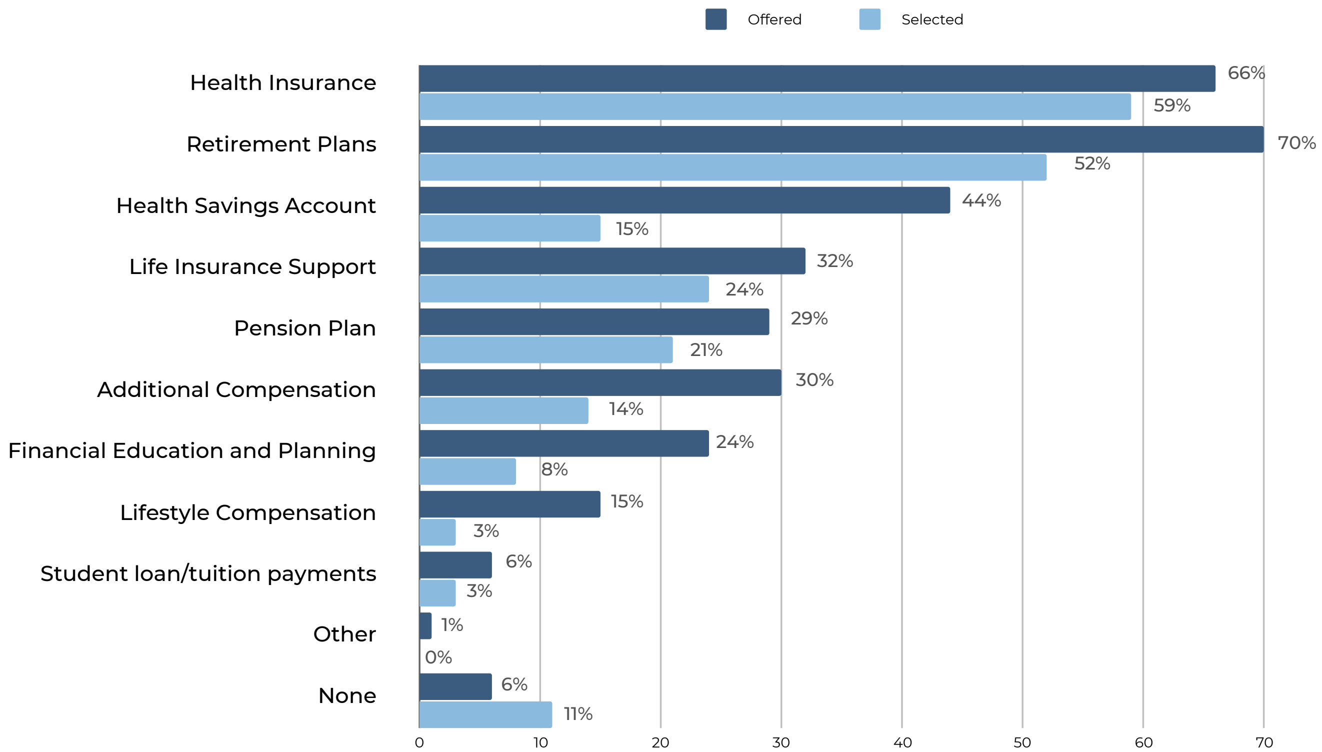


Importantly, the survey also found that those employees who feel more educated about their company's benefits are significantly more likely to participate in them. For (e.g.) retirement plans (52% uninformed to 70% informed participation) and particularly more complex benefits such as health savings accounts (15% uninformed to 44% informed) and financial education and planning (8% uninformed to 24% informed), the impact of employee education is stark.

While this trend is less demonstrated by health insurance responses (59% uninformed to 66% participation among the informed), that is likely due to the sheer necessity of health insurance for day-to-day life.

Benefits Selected by Employees by Benefit Knowledge Level

(Multiple Responses)



The message is clear: employees who are not merely aware of, but well-informed regarding their benefits package will be more likely to participate in them.

Buried therein is a potential irony: even if an employee invests significantly in employee well-being, it won't translate into the employee satisfaction employers need to retain employees and productivity unless employees are well aware of and participant in said investment.

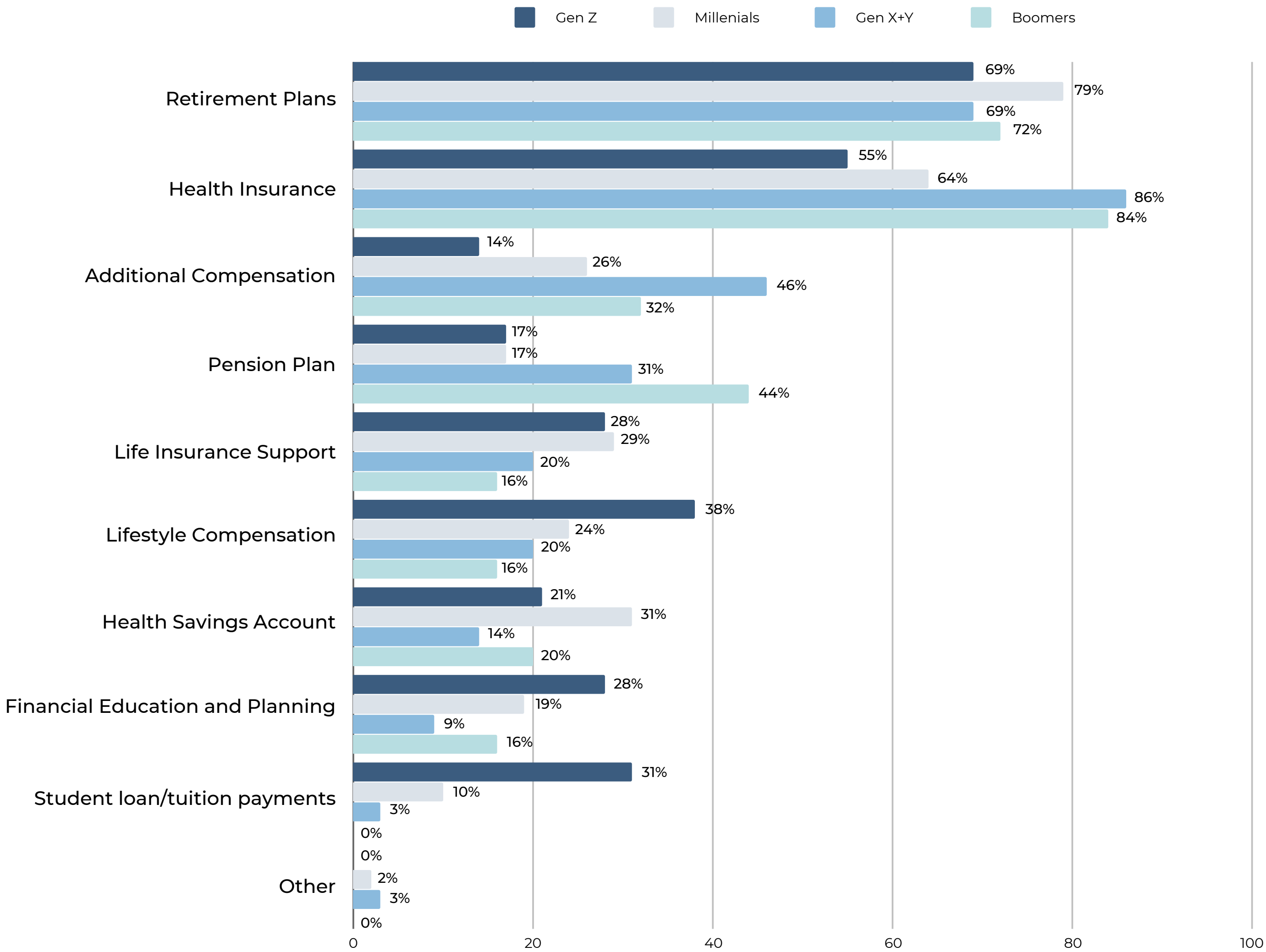
In other words, for employers to make their benefits investments walk the talk, they must work proactively to encourage employee involvement; benefits investments and awareness efforts must be conceived hand-in-hand.

Aligning priorities in benefits improvement and investment.

In line with the above findings, employees consider retirement plans (73%) and health insurance (72%) as the most important benefits by a considered margin. This does not necessarily indicate that employees consider benefits such as life insurance support unimportant, only that they consider retirement and health insurance most important.

What Benefits Do Employees Consider Most Important to their Financial Well-Being

Most Important Benefits by Age (% ranking 1-3)



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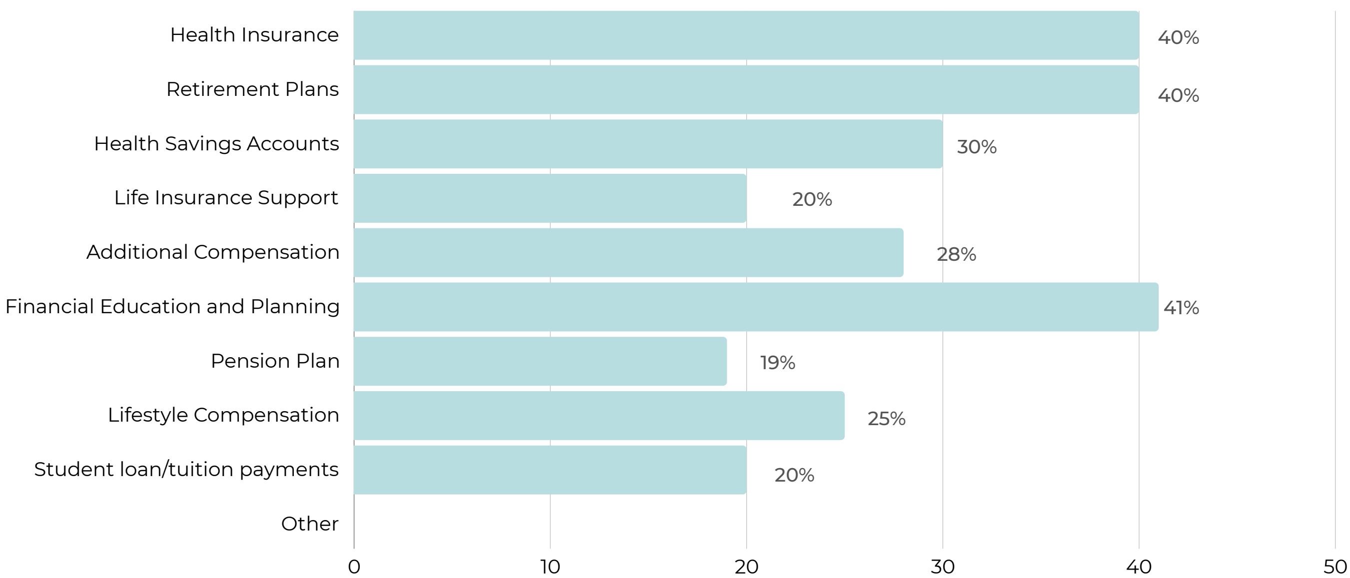
Respectively, employers agree that these are the most important benefits to their employees' well-being at 78% and 73%. Interestingly, while 34% of employers consider financial education and planning most important to employees' financial well-being, only 18% of employees responded similarly; a general trend emerges from the data wherein employees require ongoing encouragement to value education on their benefits.

What Benefit Areas Do Employers Plan to Invest in More or Add?

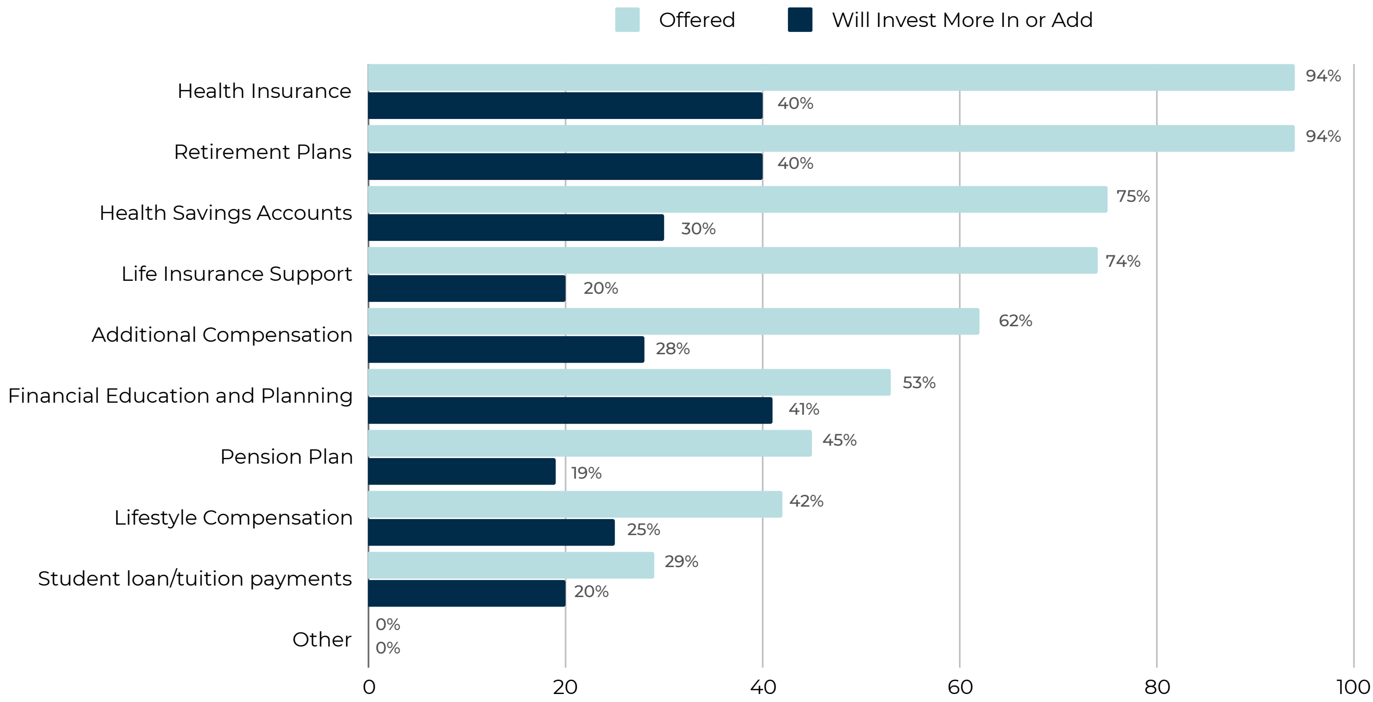
(Multiple Responses)



Of employers surveyed, 85% indicated plans to increase (56%) or maintain (39%) investment in the financial wellness of their employees over the next year. This is despite—or perhaps because of—the ongoing economic pressures of an inflationary economy.

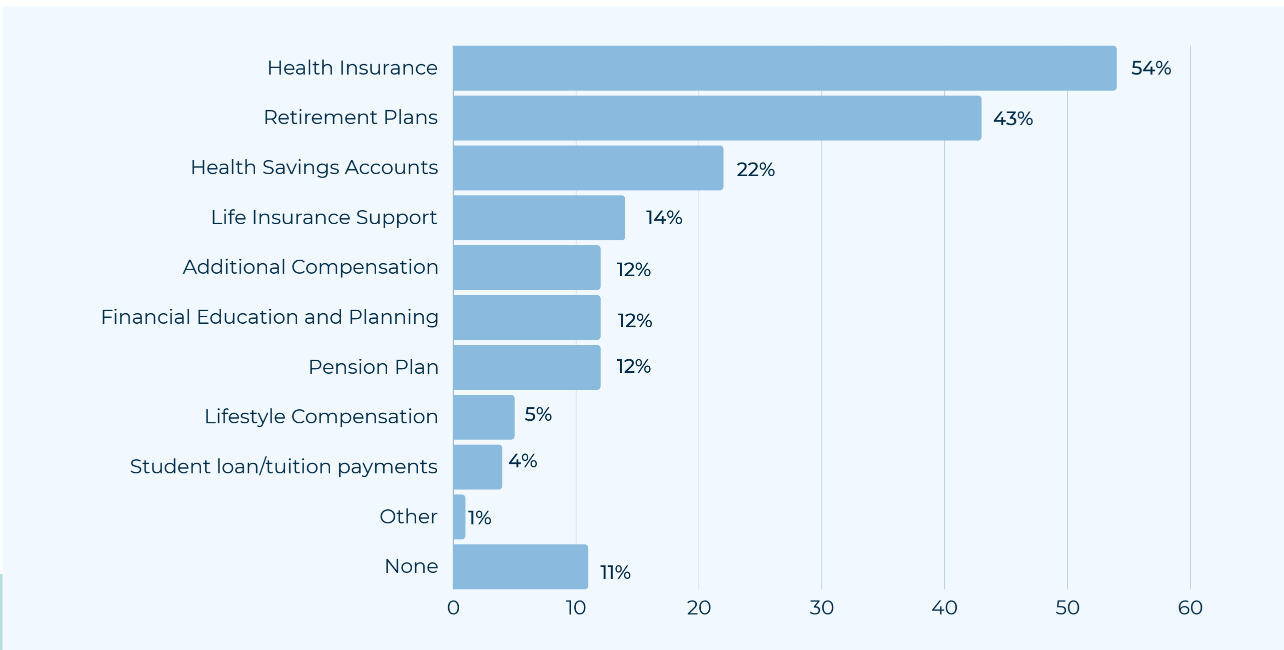
Benefits Currently Offered and Planned to Improve or Add

(Multiple Responses)



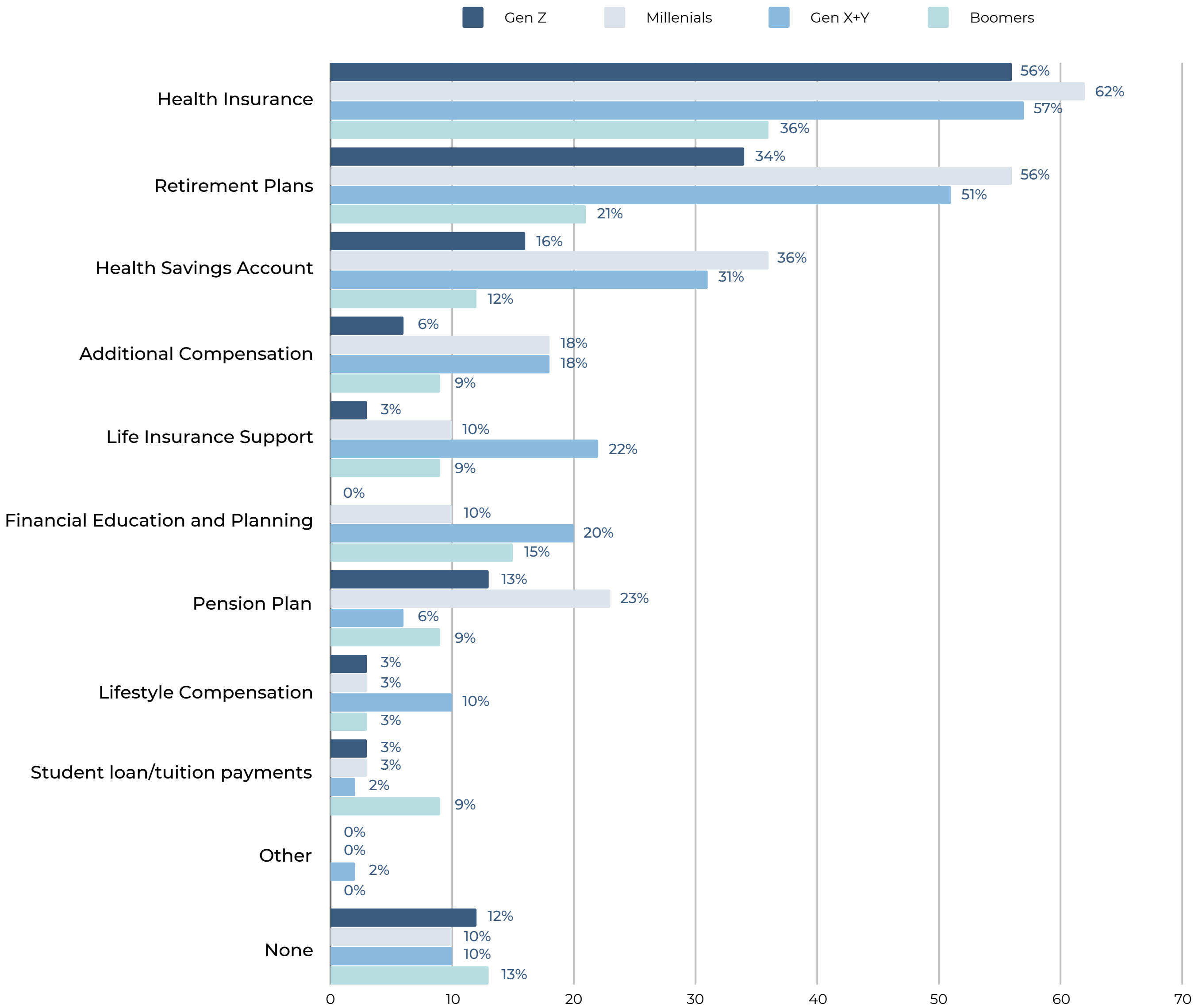
Most Important Benefits to Improve in Total and by Age

(Multiple Responses)



Most Important Benefits to Improve in Total and by Age

(% ranking 1-3)

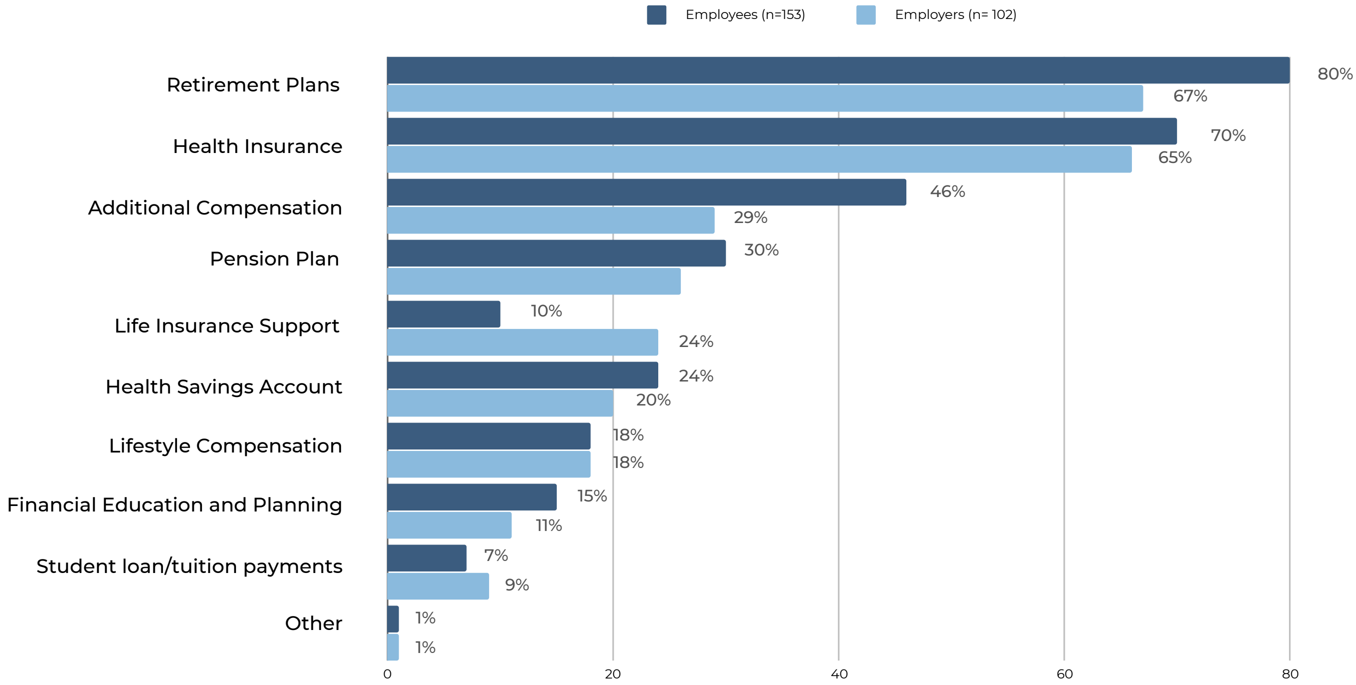


Employers plan to invest more in or add financial education and planning (41%), health insurance (40%) and retirement plans (40%). While not totally in line with employee priorities, these investments are smart: health insurance and retirement plans are the two top priorities while financial education and planning will help employees better understand their benefits, a key effort as we have seen.

One of the most critical insights of the survey comes from questions concerning the perceived competitiveness of external job offers dependent upon benefits offered.

A strong majority of employees replied that they would not accept a new job offer if retirement plans (67%) and health insurance (65%) weren't available employee benefits.

Not To Accept / Critical to Attraction and Retention (% Ranking 1-3)



Employers appear aware of this and prioritize retirement plans (80%) and health insurance (70%) as the most important offerings for employee retention, with additional compensation (46%) and pensions plans at (30%) trailing behind. It is of critical importance that employee and employer priorities on benefits provisions remain as aligned as possible; a good way to help ensure this is via high benefits transparency.

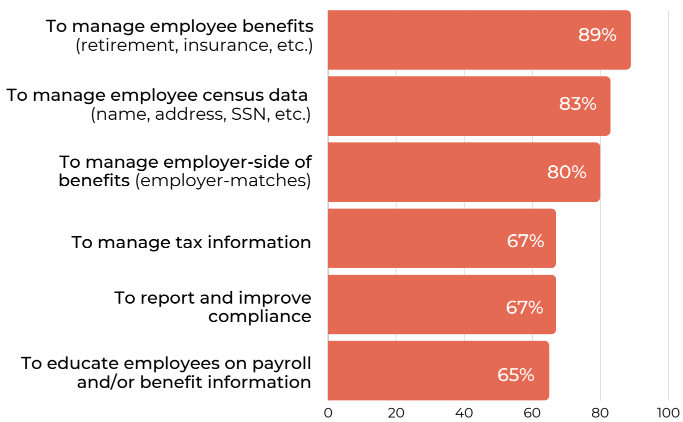
06

The impact of modern technology on benefits management.

Today, employers use technology for a wide range of tasks in the administration of benefits, with 89% of tech investments used to manage those benefits, another 83% used to manage employee census data, and 80% used to manage the employer-side of benefits according to the survey. Tech is used to minimize data entry errors (79%), automate data collection efforts (73%) and automate administrative work that is repetitive or tedious (61%).

Tasks Use Technology For

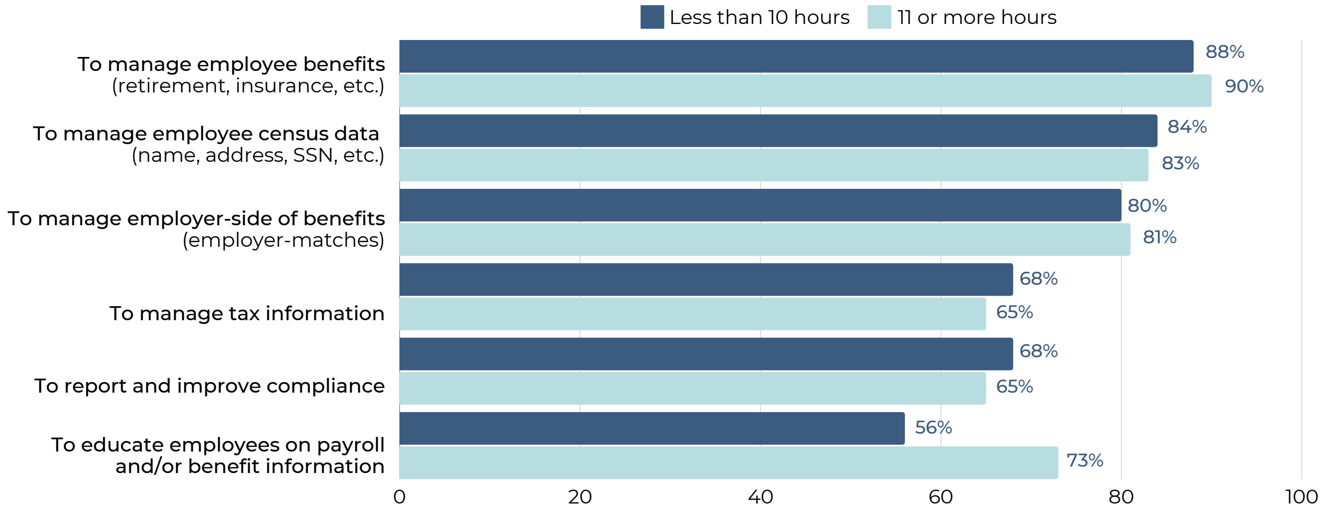
(Total Employers; n=102 Multiple Responses)



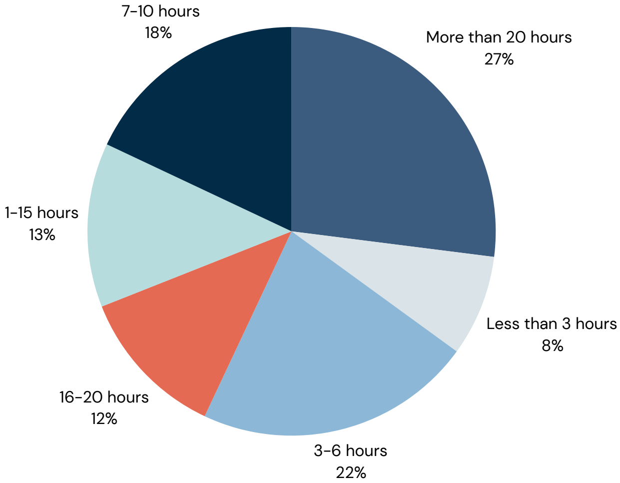
While less frequent responses, 45% also indicated that tech was used to educate employees on benefits options better and 42% indicated the use of tech for expanded benefit options for employees. Note the discrepancy, however, between the revealed importance of employee education to make benefits investments meaningful and the frequency with which tech is used to improve that outcome. In other words, existing tech investments can stand to do a better job here.

While employers often use software and technologies to assist them in benefits provision, a significant amount of time is still spent on these tasks according to survey data, with 52% indicating that they spend anywhere from 11 to over 20 hours on administrative tasks related to payroll and benefits management.

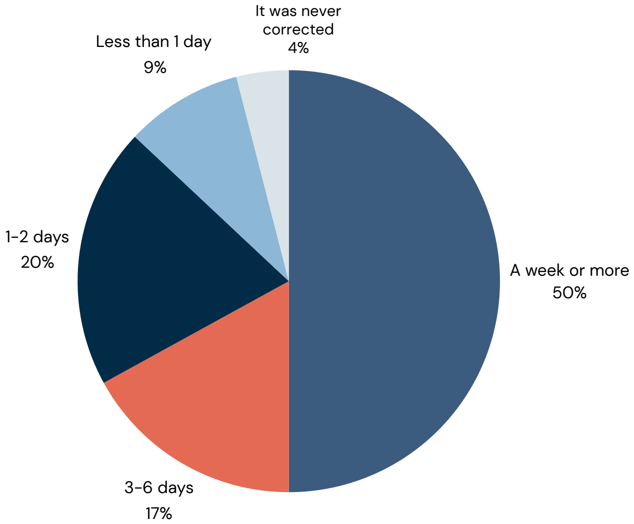
Task Use Technology For by Administrative Hours Per Week



Number of Hours Per Week
(Total Employers; n=102)



How Long it Takes To Correct Mistake
(Experienced a Mistake; n=56)



That is a significant time investment—and cost—in the administration of what today can be more thoroughly (and accurately) automated with modern technologies and services aimed at increasing the efficient management and awareness of employee financial wellness.

Modern tech stacks and services can today leverage API-integrations to not only ensure greater compatibility with your existing and future systems, but also reduce errors, increase accuracy, and increase employee benefit plan participation via increased platform visibility–even for those benefits that are trickier to inform employees about, such as health savings plans. Furthermore, modern solutions with new, universal API implementations can do all of this while ensuring reporting and tax compliance efforts are on time and without error.

With the right solution in place, the positive employee wellness outcomes competitive employers today should prioritize become self-reinforcing: by automating benefits management, HR teams are less stressed and thereby better able to respond to the needs of other teams. Those teams are also better informed on their benefits provisions, increasing participation and resulting in higher satisfaction, fewer turnovers and better word-of-mouth for the workplaces that choose to make these wise investments.

07

A holistic response to the labor shortage.

In examining the survey research, this report has delineated several key insights & recommendations for employers in a competitive 2024:

(1) Generational differences between Gen Z and all preceding generations were the most significant; younger employees feel significantly less financially secure and feel more strongly than older generations about the role of employers in providing for employee wellness; (2) despite this, there is broad priority alignment between employees and employers across generations; (3) employers need to continue to prioritize employee wellness to stay competitive, particularly with the latest—and most tech-savvy—labor pool both today and tomorrow.

Furthermore, (4) employees both do not prioritize financial education as much as employers do and—particularly among younger employees—are not as informed on their benefits as they should be, indicating that employer benefits investments and employee awareness campaigns must be executed hand-in-hand; (5), while tech solutions are deployed in the provision of employee benefits, too much time is still being spent on benefits management, and employers should seek to improve this.

As these findings help to highlight, the justifications for investments into employee well-being even at a time of significant fiscal pressure are increasingly apparent; one of the most significant challenges in the non-profit, public and business worlds today is the ongoing labor shortage.

Any HR manager can tell you that even a mild labor shortage can translate quickly to a highly competitive labor market.

When considering (e.g.) the hyper-competitive business landscape of 2024, organizations want to make sure they can stand out from the crowd for a professional pool that is now significantly smaller.

The shortage's contributing factors are many and could fill volumes. For particularly skilled labor (e.g., senior-level cybersecurity professions), this shortage is often a very literal one: there aren't enough people who can do the job. However, for the majority of other positions—particularly associate-level positions in (e.g.) retail sectors—the shortage is a result of rapidly changing cost-benefit analyses.

Suffice it to say, the rising cost of living—especially for essential, everyday goods such as groceries—has placed significant pressure on wage and benefits expectations, particularly in metropolitan markets.

For employers who may already feel stretched—especially if employee retention is a problem they are aiming to solve—knowing how to make those investments can be difficult. Where does one start, after all?

While the answer will vary between each organization, one 'plug-and-play' response includes the modern solutions and partners that can help to make your organization a more supportive and desirable place to work in a global labor market poised to remain comparatively starved of supply into the foreseeable future.

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