



2024-2025

Workplace benefits trends

The state of workplace benefits and employee engagement

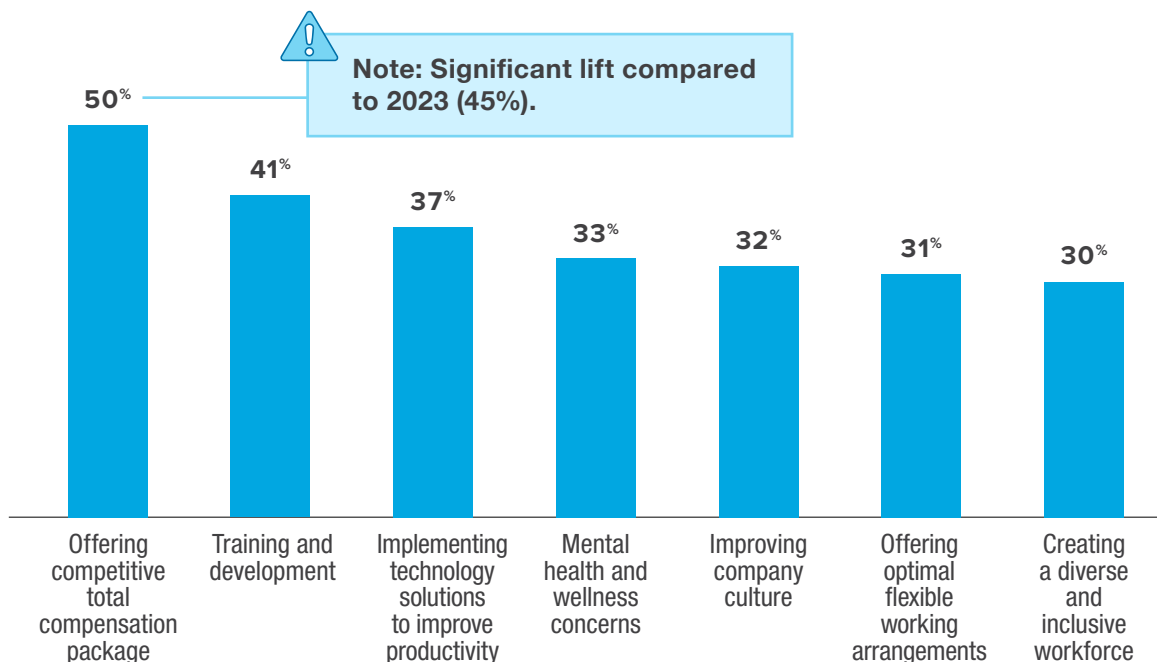
Navigating the complexities of workplace benefits: Improving communication and satisfaction

As workplace benefits continue to evolve, employers face both old and new challenges as they strive to offer competitive packages that meet employee needs. Rising costs, particularly in health care, are driving some companies to reevaluate their benefits packages and look for new ways technology can help. Even though progress has occurred, meaningful gaps remain between employer perception and what employees want, highlighting the need for better communication and support. As benefits become increasingly critical to employee retention, addressing communication needs and having a better understanding of what employees want is essential to maintaining a strong workforce.

Staying competitive: A growing challenge for all businesses

In today's competitive landscape, organizations find it challenging to attract and retain employees with the total compensation packages they offer. This challenge is universal, affecting companies of all sizes, with about half of all employers reporting that this is a struggle.

Half of all employers state that offering a competitive total compensation package is among their top challenges, a sentiment shared by small (50%), medium (48%) and large (52%) businesses.

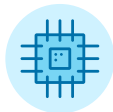


Question: When it comes to employee engagement and satisfaction, what are your organization's biggest challenges?

Tech for productivity, not replacement: Easing employee fears in the AI era

As organizations increasingly turn to technology to enhance productivity, a significant challenge remains: addressing the concerns and fears that accompany this shift. With more than a third of all organizations citing the implementation of technology solutions as a top challenge, it's clear the adoption process is not without obstacles. Employers understand the value of integrating AI, with approximately three-quarters recognizing that AI can enhance employee job performance and agreeing that becoming comfortable with AI is crucial for competing in today's workforce.

However, this optimism around AI is tempered by a universal concern that must be acknowledged across companies of all sizes: communicating with employees that technology is not a replacement for human roles, but a tool to enhance productivity. While half of all employers actively encourage the use of AI, they must also navigate the apprehension among workers who not only express a general fear about the growing use of AI, but also that AI could replace their specific job functions.



More than a third (37%) of all employers cite implementing technology solutions to improve productivity as one of their top organizational challenges.



More than 2 in 3 (69%) employers are confident their employees will be able to use AI to improve their job performance.



Three-fourths (76%) of all employers believe that it will be important for their workers to become comfortable with AI in order to compete in today's workplace, a sentiment shared by 68% of all employees.



Half of all employers are actively encouraging the use of AI in the workplace, with more than three-quarters of these employers adopting AI solutions and tools (78%) and providing AI training for their employees (79%).



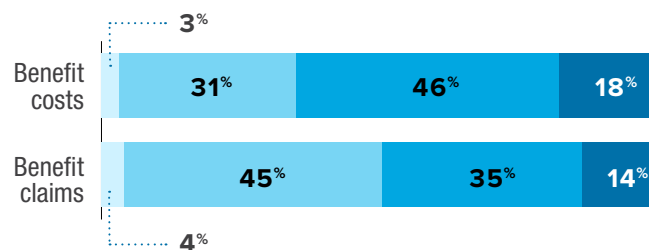
Employees express some apprehension about the adoption of AI into the workplace, with half (50%) expressing a general fear of the growing use of AI and 38% citing concern about their specific job functions being replaced by AI.

Pro tip: Proactively communicate the purpose of technology in the workplace. AI and other technologies will inevitably change how jobs are performed. As both employers and employees recognize the importance of becoming comfortable with AI, the challenge now is to foster an environment where workers feel empowered, not threatened, by these tools. By focusing on transparency and open communication, organizations can ensure that technology serves as an enabler of productivity rather than a source of fear.

The impact of rising benefits costs in the workplace

Over the past year, approximately two-thirds of employers have seen an increase in benefits costs, driven primarily by rising prescription drug prices and increased mental health claims. While these costs can impact a business's ability to invest in other areas, the impact is less severe this year than last. In 2024, fewer employers reported a need to make operational changes or reduce benefits offers, suggesting some stabilization in the market.

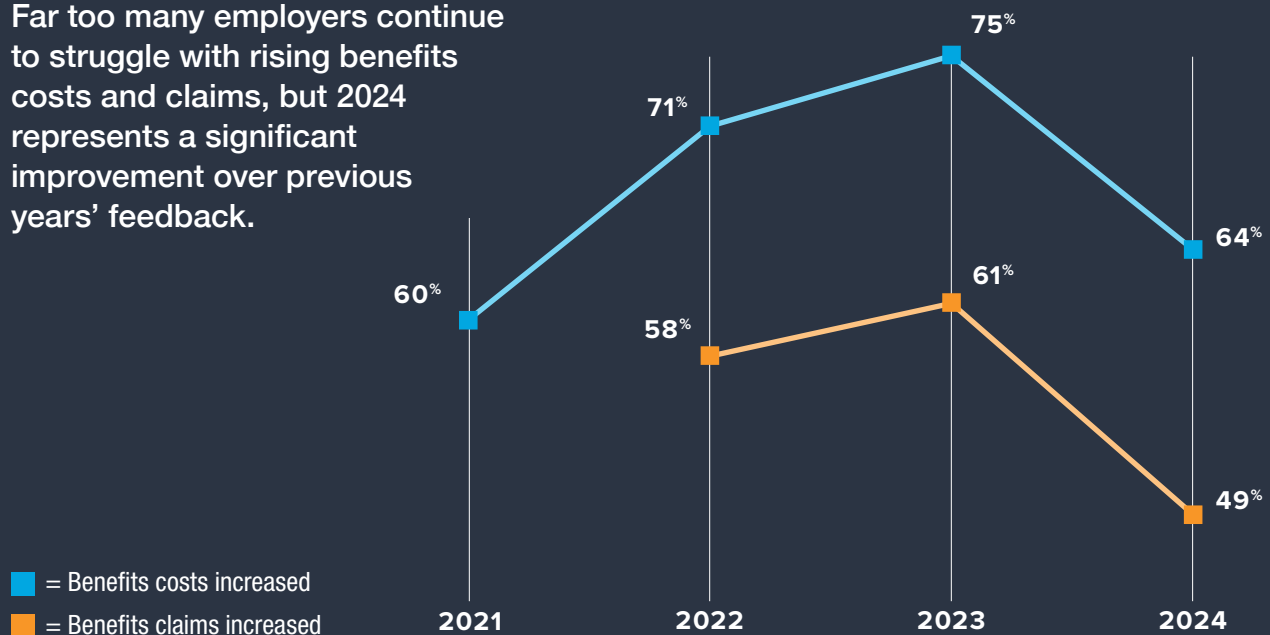
Nearly 2 in 3 (64%) employers say their benefits costs have increased over the past year, with about half (49%) saying benefits claims have increased.



■ = Decreased
 ■ = Stayed the same
 ■ = Increased moderately
 ■ = Increased a lot

Question: In the last year, would you say your organization's benefits costs have...? // In the last year, would you say your organization's benefits claims have...?

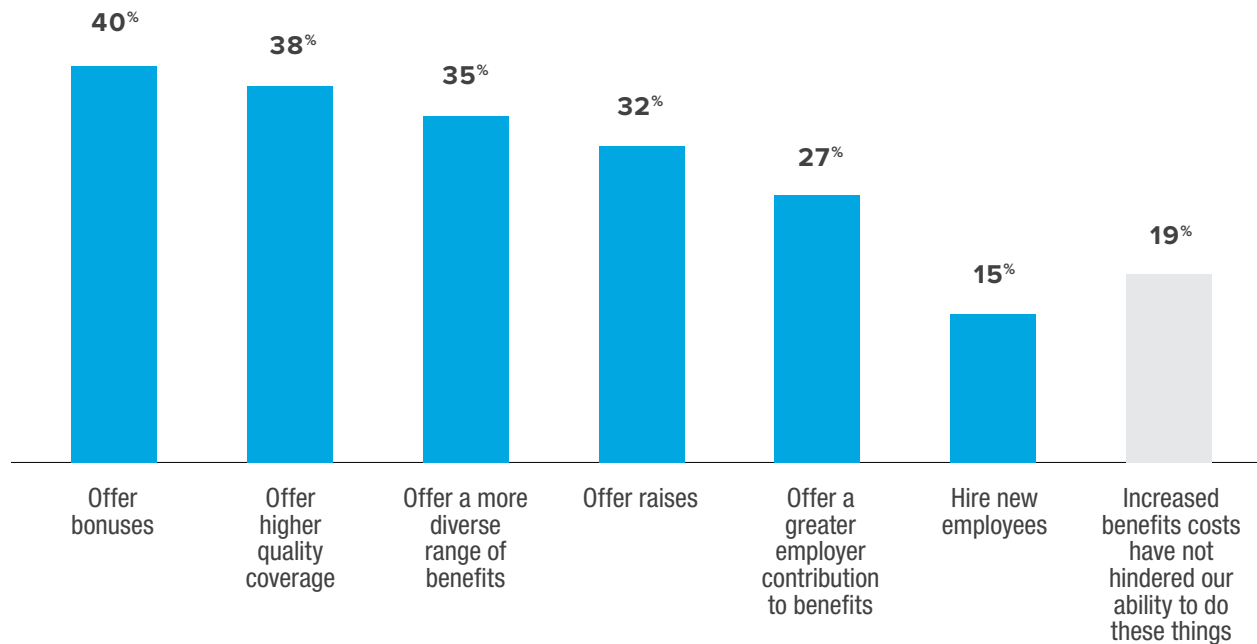
Far too many employers continue to struggle with rising benefits costs and claims, but 2024 represents a significant improvement over previous years' feedback.



■ = Benefits costs increased
■ = Benefits claims increased

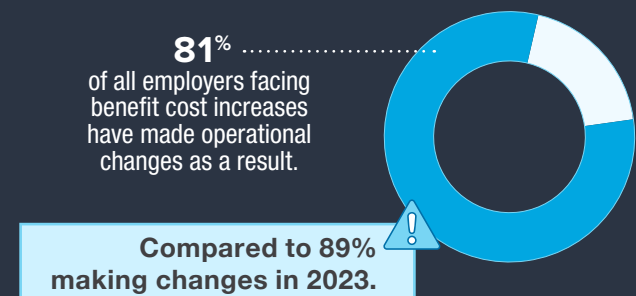
Question: In the last year, would you say your organization's benefits costs have...? In the last year, would you say your organization's benefits claims have...?

Increases in the costs of benefits negatively impact businesses' ability to invest in other areas, including bonuses, higher quality coverage and diversity of benefits.



Question: Have increased benefits costs hindered your ability to do any of the following things that you otherwise would have done if benefits costs remained the same or decreased?

Many employers still face rising costs, but the trend is stabilizing. Fewer employers are facing rising costs this year. Those who have made operational changes as a result of rising costs dropped 8 percentage points.



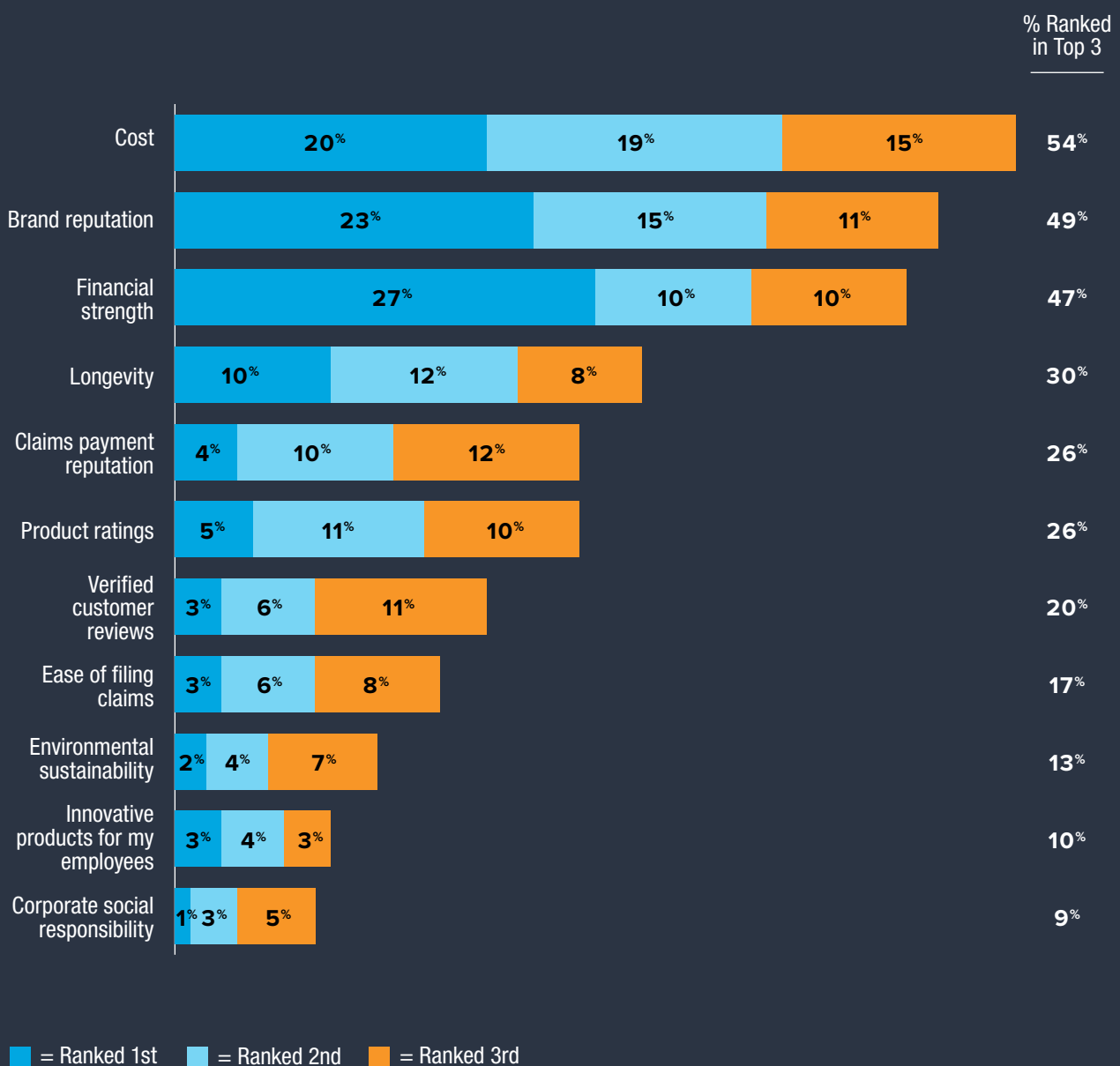
Question: Have increased benefits costs hindered your ability to do any of the following things that you otherwise would have done if benefits costs remained the same or decreased?



Cost remains the top priority for choosing a benefits provider

When selecting a benefits provider, cost remains the most critical factor for employers — even more so than in previous years — with 53% ranking it among their top three considerations. Other factors include brand reputation and financial strength, both of which edge out cost when employers are asked about their most important consideration. To manage rising costs, employers are increasingly shifting expenses like deductibles and premium shares to employees rather than reducing access to benefits.

More than half of all employers list cost among their top three considerations when choosing a benefits provider, with 20% selecting it as the most important factor. Financial strength and brand reputation also top the list, with 27% ranking financial strength as the top consideration and 23% choosing brand reputation.

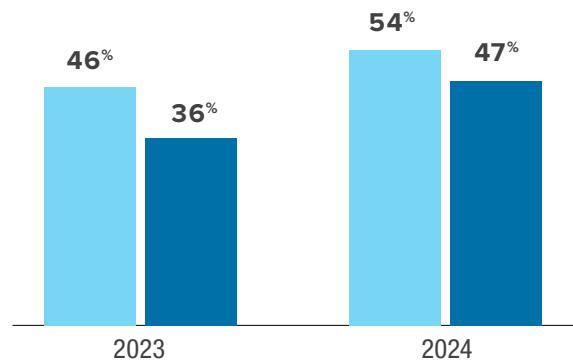


Question: Rank the following attributes by importance when choosing your organization's benefits provider(s)/vendor(s).

Both cost and financial stability have increased in importance to organizations over the past year when evaluating benefits providers.

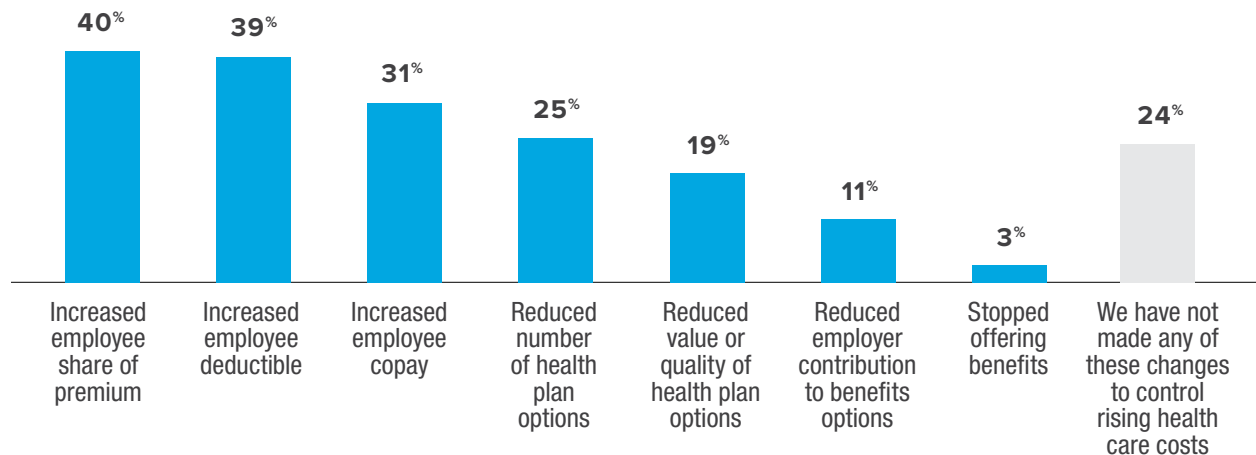
■ = Cost ■ = Financial strength

Question: Rank the following attributes by importance when choosing your organization's benefits provider(s)/vendor(s). // % ranked in Top 3.



Pro tip: Be transparent about benefits costs. With rising benefits costs, it's crucial to communicate openly with your employees about how these costs are managed. Transparently sharing how cost-shifting decisions are made and how these impacts employees can foster trust and help prevent dissatisfaction. Offer resources to help employees navigate any changes in their benefits and make benefits advisors available to explain them.

When companies do make changes to their benefits offerings due to increased costs, they tend to shift some of those expenses to employees rather than reducing access to benefits.



Question: Have you done any of the following to control rising health care costs that you otherwise would NOT have done if benefits costs remained the same or decreased?

Perception vs. reality: Closing the satisfaction gap between employers and employees

Employers generally believe their benefits packages positively impact employee satisfaction, but for years this perception hasn't met with reality. While the difference between what employers and employees think when it comes to benefits and satisfaction has decreased by 12 percentage points over the last year, there is still room for meaningful improvement.

Three-quarters or more of all employers are confident that their benefits contribute to worker satisfaction, retention, productivity and more.

The benefits my organization offers...



Question: Do you agree with the following statements? // % Agree





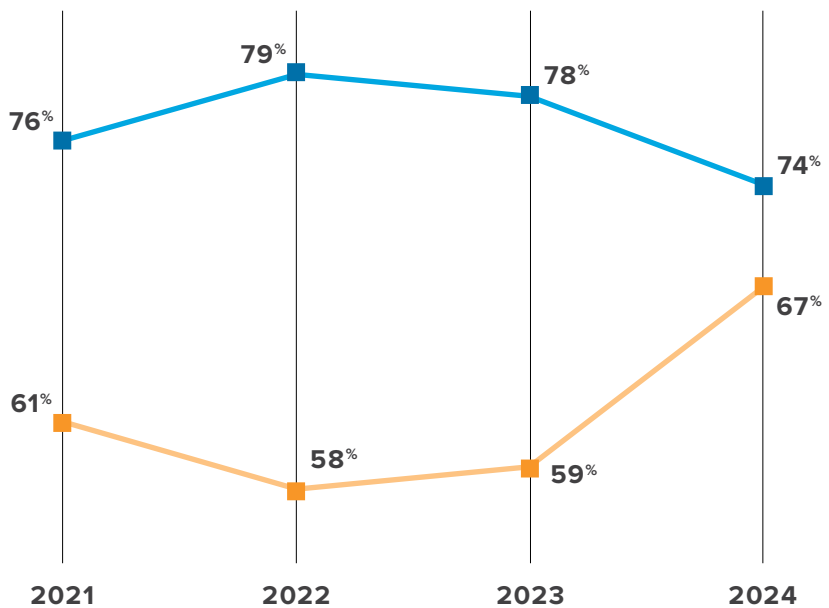
While the gap between employers and employees in benefits satisfaction has narrowed, it is still important to address to ensure organizations are meeting their employees' needs.

% Very/extremely satisfied

■ = Employers ■ = Employees

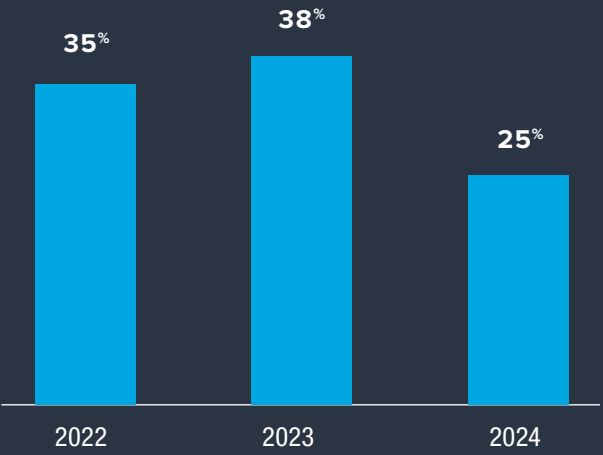
Employer Question: How satisfied do you think your employees are with the overall benefits package your organization offers them at this time?

Employee Question: How satisfied are you with the overall benefits package offered to you at this time?



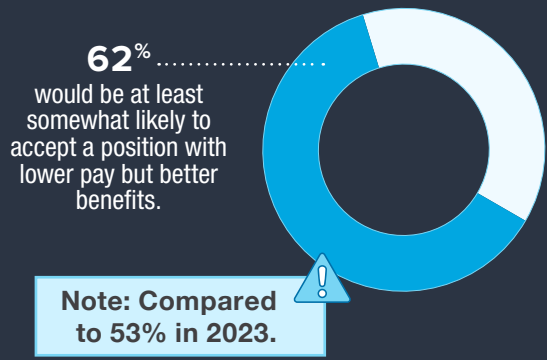
This year brings a significant drop in the number of organizations that plan on reducing coverage for their employees in 2024, either through decreasing benefits or making existing coverage more expensive. Organizations that do plan on decreasing their benefits face significant turnover risk, as a growing number of employees say they would consider leaving their jobs for a better benefits package, even if it meant taking a pay cut.

A quarter of employers plan to reduce benefits or make existing coverage more expensive for employees — a significant decline compared to 2022 and 2023.



Question: What changes, if any, does your organization plan on implementing to employee benefits over the next 12 months?

More than 3 in 5 employees say they would consider leaving their job for one with more robust benefits, even if that involved lower compensation — an uptick compared to 53% saying the same in 2023.



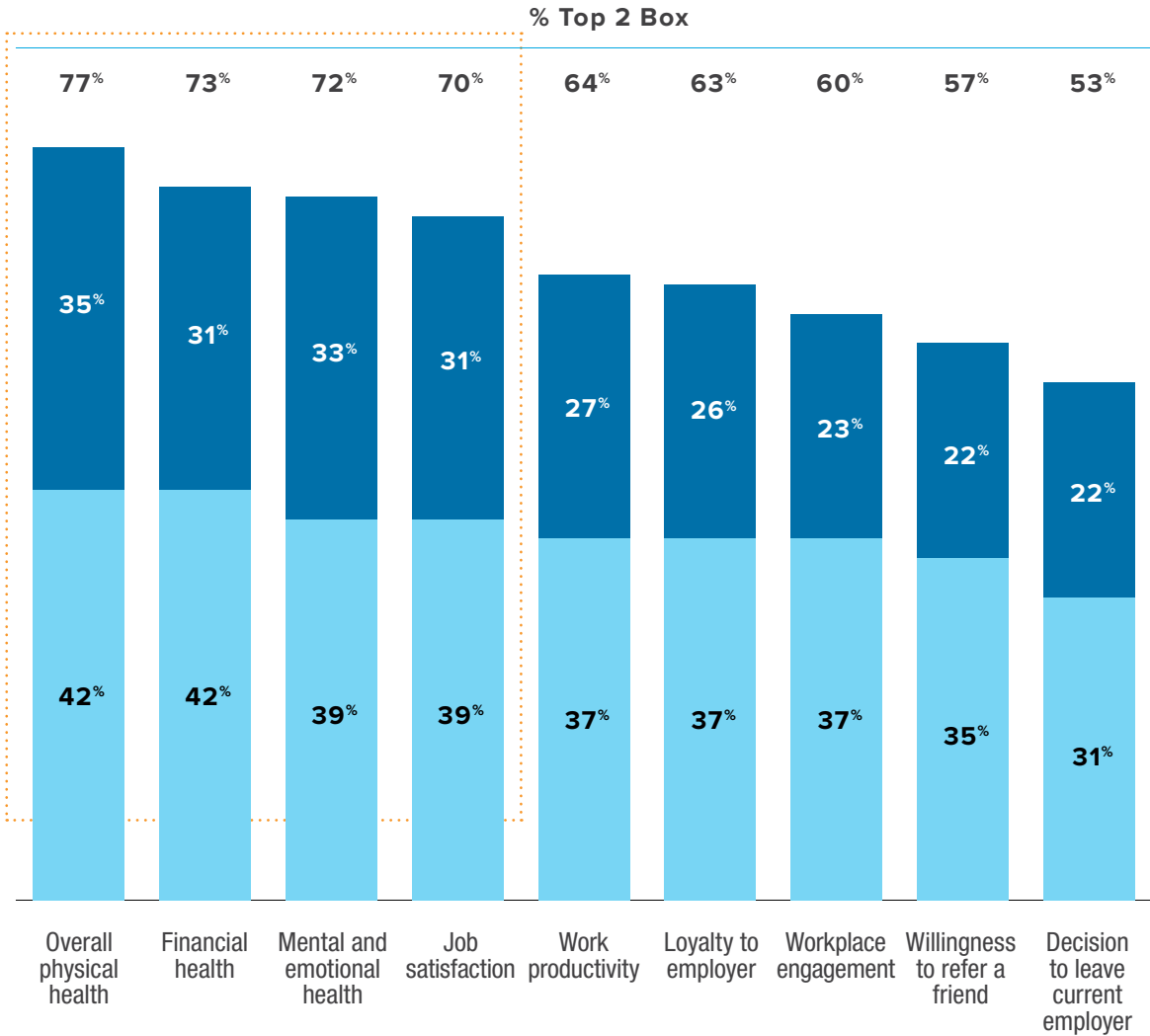
Question: How likely would you be to accept a job offer that included a slightly lower compensation but a more robust benefits package?



Impact on loyalty, engagement and ambassadorship reach all-time highs

Benefits continue to be critical to employee retention, in part because employees consider benefits packages to be important to their physical, financial and mental health. In fact, in 2024, the importance of benefits to overall loyalty, workplace engagement and willingness to refer a friend to their organization reached all-time highs. And 52% also say that quality of benefits could impact their decision to leave an employer.

Benefits are most important to overall physical, financial, mental and emotional health – and job satisfaction.

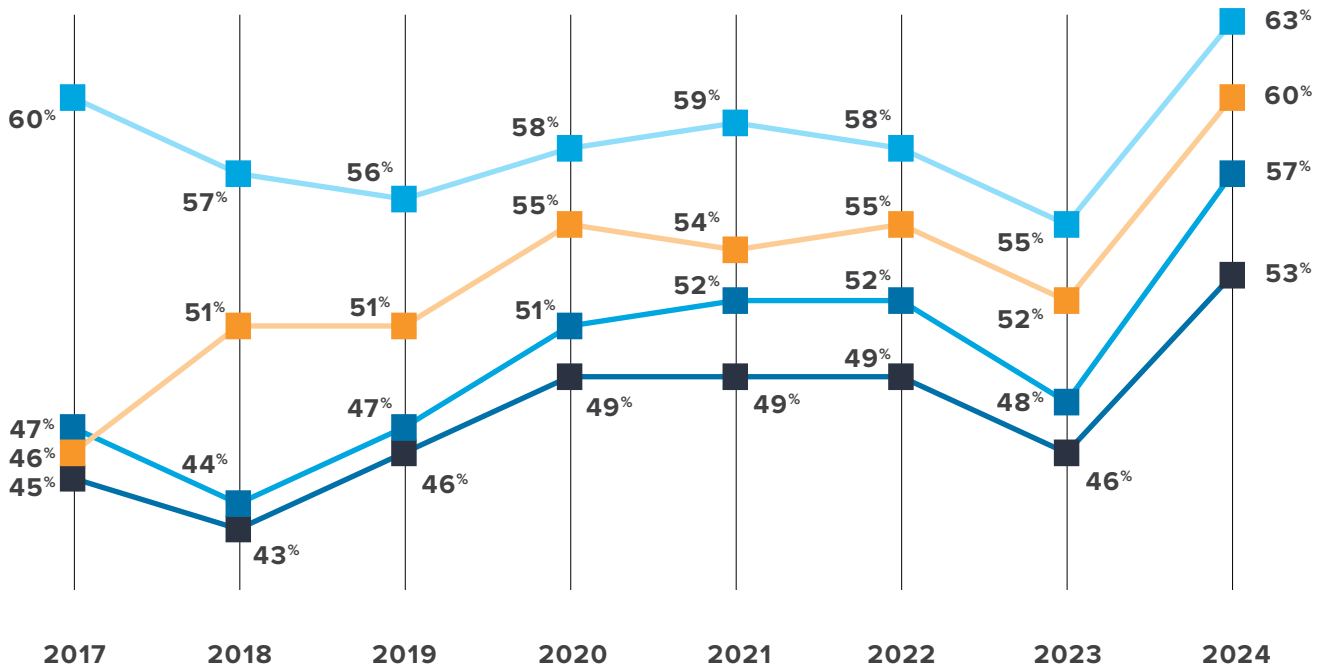


Light blue = Extremely important Dark blue = Very important

Question: How important is a benefits package offering to each of the following: [asked for each]



The importance of benefits for loyalty, engagement and referrals have grown in importance, reaching all-time highs in 2024.



■ = Loyalty to employer ■ = Workplace engagement
■ = Willingness to refer a friend ■ = Decision to leave current employer

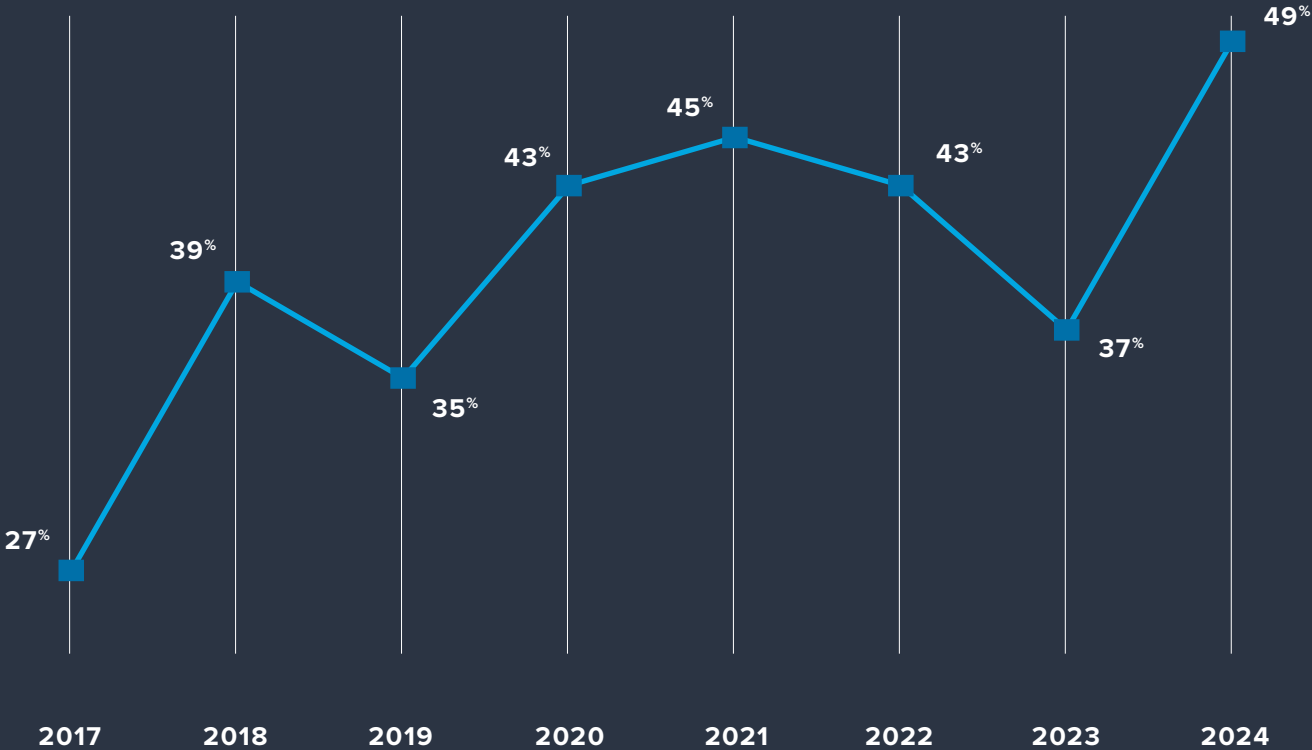
Question: How important is a benefits package offering to each of the following: [asked for each]

Nearly three-quarters of employees still want better benefits communication

A significant problem remains in the way employers and employees communicate around benefits packages. While employee understanding of benefits has improved, nearly half still don't fully understand their health insurance policies. Nearly three-quarters of employees say they want more information about benefits, and a concerning 49% of those who don't understand their policies report feeling they overpaid for health care expenses. Employers have an opportunity to improve communication and find new ways to support employees who are having trouble navigating their benefits.

While the number of employees who understand their benefits packages reached an all-time high in 2024, 51% say they still don't fully understand their policies.

"I understand everything about my current health insurance coverage."

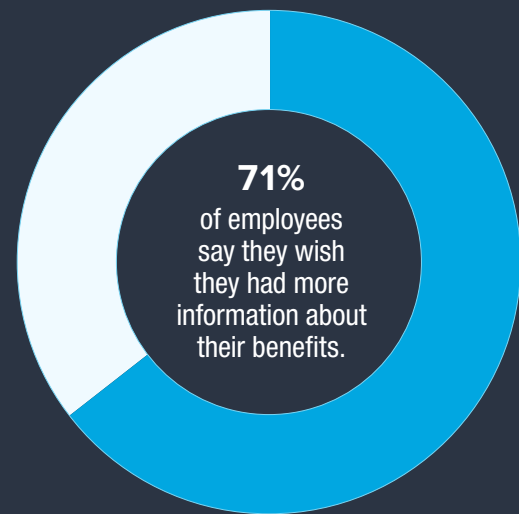


Question: Thinking about your current health insurance coverage, how well do you understand your overall policy, including things like deductibles, copays, providers in your network, etc.?

Nearly three-quarters of employees say they wish they had received more information about their health care benefits.

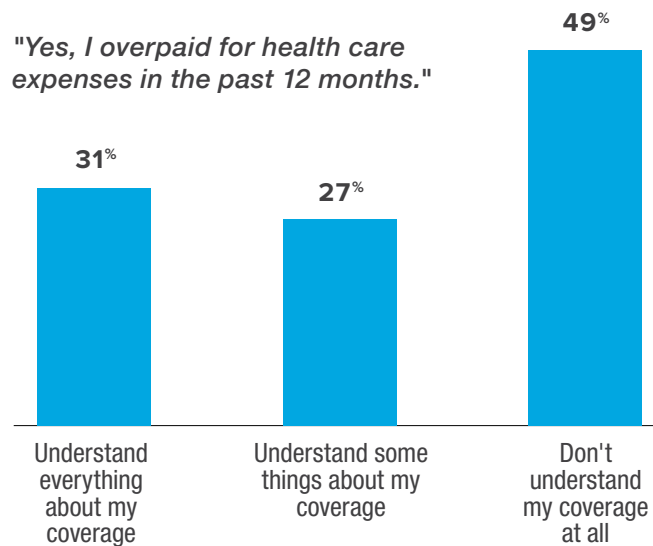
With the majority (57%) of employers only communicating about benefits in the weeks leading up to the enrollment period, there is an opportunity to more regularly and consistently provide information throughout the year.

Question: Do you want more or less information about your health care benefits from your organization?



An alarming number (29%) of employees believe they overpaid for health care expenses over the past year — a significant increase compared to 2023 (21%).

Unsurprisingly, even more of those who don't understand their coverage at all feel they overpaid for health care services.



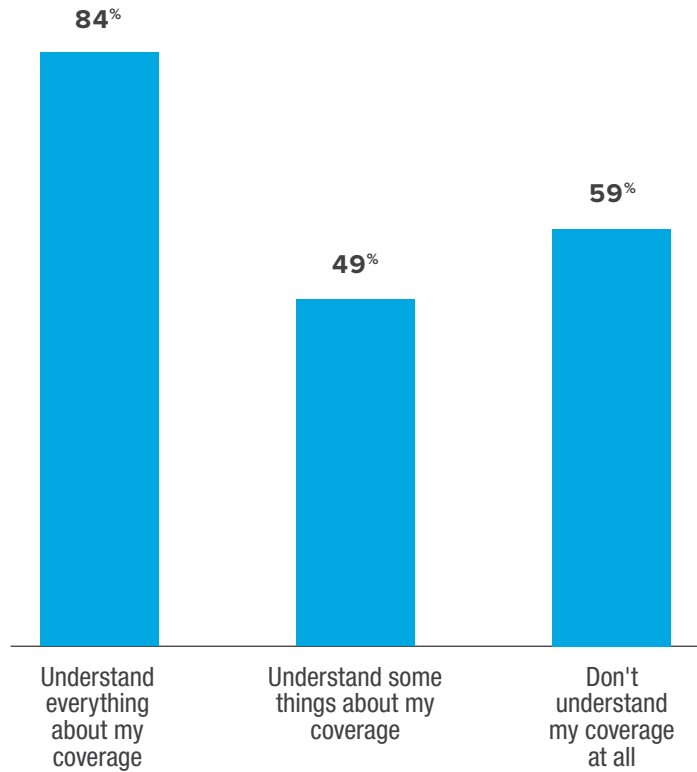
Question: To the best of your knowledge, did you overpay for any health care-related expenses in the past 12 months because you did not understand how your insurance works or what it covered at the time?

Improving employees' understanding of benefits helps employers create a stronger, more satisfied workforce. Employees who are better prepared when they seek health care are less likely to overpay for services. This makes them more likely to express a higher level of satisfaction with their benefits package, feel more engaged at work and report higher job satisfaction.



Knowledge is power: More than 4 in 5 employees who understand their benefits packages express high levels of satisfaction — far more than those who are less familiar with their coverage or health care plans.

% Very/extremely satisfied with benefits package



Question: How satisfied are you with the overall benefits package offered to you by your employer at this time?



Pro tip: Don't wait to address a gap in communication. Many employees still struggle to understand their benefits. Rather than waiting for a stressful situation to arise — when an employee is undergoing a medical treatment, for example — look for ways to proactively provide clear, easily accessible information about benefits upfront and offer personalized assistance and education. Then regularly check in with employees to assess their benefits understanding and make advisors available to them to answer questions.

About the study

The 2024-2025 Aflac WorkForces Report is the 14th annual Aflac employee study examining benefits trends and attitudes. Conducted by Kantar on behalf of Aflac, the employer survey took place online between June 6 and June 21, 2024, and the employee survey took place online between June 6 and July 10, 2024. The surveys captured responses from 1,003 employers and 2,000 employees across the United States.

For more information, visit aflac.com/awr.

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