

Financial Insecurity Implications for the U.S. Workforce

The **2020-2021 Aflac WorkForces Report** is the 10th annual research study examining benefits trends and attitudes. Conducted by Kantar on behalf of Aflac, the surveys captured responses from 1,200 employers and 2,000 employees across the United States in various industries between June 12 and July 21, 2020. For more, visit aflac.com/awr.



Financial insecurity is a major issue for Americans, and health care costs are a strong contributing factor



The majority of employees cannot go more than one month before taking on debt

51%

of respondents said they could go one month or less without a paycheck

50 million +

According to data from the U.S. Bureau of Labor Statistics, more than 50 million people have filed for unemployment in 2020¹



Nearly half of employees are not financially prepared for an unexpected medical event

...and could not afford a **\$1000** unexpected out of pocket expense

The average* out-of-pocket expense people are able to afford drops by **~\$400** for Hispanic respondents and **~\$800** for Black respondents

*Mean is \$2536



Major medical insurance leaves many expenses uncovered, compounding the problem

45%

say they could not adjust finances to cover a serious injury or illness

42%

say they would have to put a medical bill on a credit card

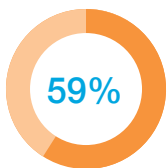
The unaffordability of health care has a big effect on the U.S. workforce

A substantial number of people have faced a major health emergency that's impacted their financial wellbeing

Half of respondents have been adversely impacted by high medical costs/bills including:

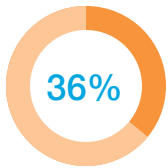


- ▶ Missing mortgage payments
- ▶ Missing rent payments
- ▶ Missing car payments
- ▶ Filing for bankruptcy
- ▶ Contacted by a collection agency
- ▶ Hindered ability to save
- ▶ Negatively affected my credit score



A growing majority of employees miss a paycheck or take time away from work due to unplanned health events

59% of respondents had to miss a paycheck because of a major medical event and **69%** had to take a leave of absence—both of which have increased in 2020



Uncovered medical costs cause employees to delay major life milestones

36% of employees surveyed delayed at least one life event:

- ▶ Buying a car
- ▶ Getting married
- ▶ Buying a home
- ▶ Starting a family
- ▶ Pursuing further education

1. <https://www.bls.gov/news.release/empsit.t12.htm>

More Americans are taking gig economy jobs to pay for medical bills

38%

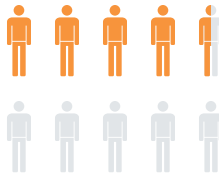
of employees participate in the gig economy **specifically to pay for health care**, an increase of 13 percentage points from 2019

38%

↑ 13 percentage points from 2019

Employees delayed seeking medical care due to cost concerns

Nearly half of employees surveyed reported holding off on seeing a medical professional to save money



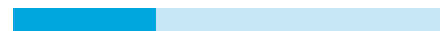
Financial stress and delayed care can cause negative health outcomes

Employees are concerned about many issues related to delayed health care:

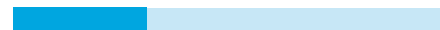
49% worsening health issues



33% deteriorating mental health

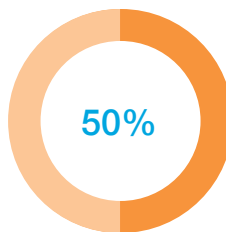


31% shortened life expectancy



Uncertainty around high costs can impact mental health

Half of employees report feeling anxious about uncovered medical costs



There is a growing need for supplemental insurance to provide adequate coverage

Most employees see a need for voluntary insurance

- ▶ **86%** report seeing a need for voluntary insurance benefits in 2020, up from **63%** six years ago
- ▶ **Black and Hispanic respondents**—those most at risk of negative financial impacts due to medical costs—are also the most interested in voluntary benefits

92% Black



92% Hispanic



86%



↑ 23 percentage points from 2014



Access to supplemental policies makes employees more confident that their coverage can meet their families' needs

93%

of employees enrolled in voluntary insurance believe the policies "help protect their financial security"

COVID-19 Has Driven Substantial Interest in Pandemic Insurance

Half of people surveyed are interested in pandemic insurance



About the study

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