



Workplace benefits trends

THE STATE OF WORKPLACE BENEFITS

2021-2022





The COVID-19 pandemic continues to have a meaningful impact on how 3 in 5 workers approach their benefits decisions – especially millennials.

Almost half of employees – and 63% of millennials – purchased at least one new benefit as a result of the pandemic, with life, critical illness and mental health resources topping the list. Millennials are also more likely to say the pandemic made them rethink their benefits, with most saying it made them more aware of the costs or made them wish they had more coverage or options available. Fortunately, most American workers are confident that their insurance will cover them in the event of a COVID-19 diagnosis, but they also believe that the expansion of coverage, telemedicine and supplemental insurance is more important now because of the pandemic.

Almost half of all employees purchased at least one new benefit as a result of the COVID-19 pandemic.

Question: Has the COVID-19 pandemic influenced you to purchase any of the following benefits during the last enrollment season?

Life insurance was the most commonly purchased product, selected by over 1 in 5 employees.

22%	34%	Life insurance
16%	23%	Critical illness insurance
14%	21%	Mental health resources
14%	21%	Hospital insurance
14%	19%	Telehealth services
12%	19%	Accident insurance
10%	16%	Disability insurance
5%	5%	Identity theft protection
4%	6%	Cancer insurance
3%	3%	Pet insurance
56%	37%	None of these

■ = Total ■ = Millennials

3 in 5 workers approach their benefits decisions differently because of the pandemic.

Question: How has the COVID-19 pandemic affected your approach when deciding on health care benefits?

29%	33%	It has made me more aware of the costs associated with health care
23%	30%	It has made me wish I had better options to choose from
21%	28%	It has made me wish I had more options to choose from
16%	22%	It has caused me to seek out more coverage
15%	20%	It has caused me to change the types of benefits I am interested in
41%	26%	It has not changed my approach to health benefits

■ = Total ■ = Millennials

A third of employees believe supplemental insurance is more important now than they did before the pandemic.

Anxieties over the past year brought questions about health coverage – especially about whether current coverage is enough for workers and their families. The survey found that employees sought ways to help offset the financial burdens they experienced, including through supplemental insurance.



1/3 of employees say supplemental insurance is more important now due to the pandemic.



More than half, 51%, of all American workers view supplemental benefits as a core component of a comprehensive benefits program.



9 in 10 employees believe the need for supplemental insurance is increasing.



Nearly half of employees – and 63% of millennials – are highly interested in purchasing supplemental insurance to help cover the financial costs related to COVID-19 or other pandemics.



The most commonly selected supplemental benefits are **life, dental, vision and accident insurance**.



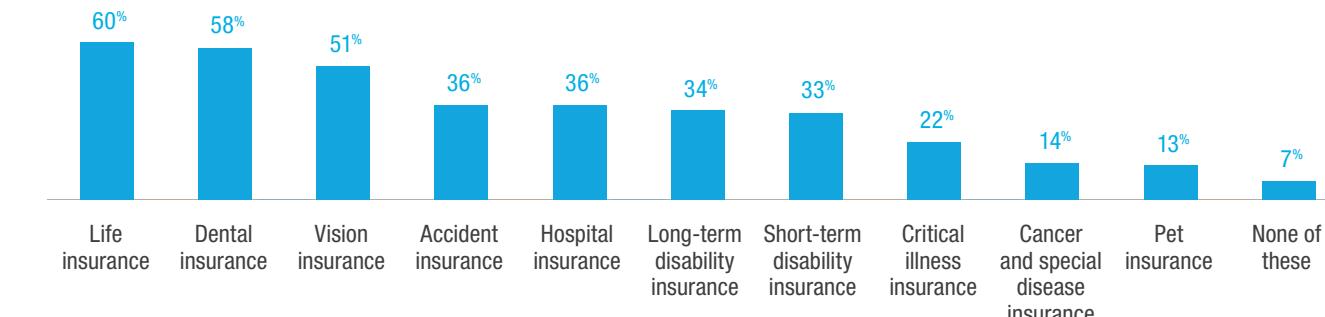
70% of employers believe supplemental insurance helps them recruit employees and **75%** say it helps with retention.



Pro tip: The primary barrier to enrolling in supplemental coverage is that employees believe they already have enough coverage to meet their needs, which may mean employees need more information and education around the expenses that health insurance wasn't designed to cover. One way employers can align with their employees is choosing supplemental policies that fit workforce need and demand. Surveying employees can help employers take stock of the options that employees need.

Life, dental and vision insurance are the most commonly selected supplemental benefits.

Question: Which of the following supplemental benefits are you enrolled in through your employer?



Note: This question was asked of those who indicated they have access to supplemental benefits at work. With approximately 1 in 3 employees (36%) having access to supplemental benefits through their employers, this translates to 38% of all employees enrolling in supplemental life, 37% enrolling in supplemental dental and 32% enrolling in supplemental vision.

Employers have a rosier picture of the support they provided during the pandemic than what employees said they experienced.

Unsurprisingly, the COVID-19 pandemic had a significant impact on employers' operations, as well as on employees across the country. Most employers provided extra support for their employees to grapple with the pandemic, often through additional time off, but they may have a rosier picture of the support they provided than the reality that their employees experienced. The study finds a significant difference between employee and employer sentiments:



Employers are **20% more satisfied** with their COVID-19 response than employees are with their organization's responses.



About 1 in 5 employees state they are likely to look for a new job as a result of their employer's COVID-19 response.

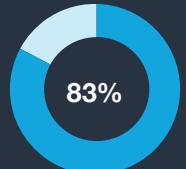
One way that employers can meet the needs of their workforce is through managing and, when possible, meeting employee expectations. In particular, when asked to return to the worksite, social distancing, the availability of sanitary stations and paid sick time are the most important safety protocols employees expect their employers to put in place.

Additionally, employees view benefits as critically important to their overall health. Over 70% of American employees say benefits are highly important to overall physical health, financial health, job satisfaction and mental and emotional health. Yet, employers also have an inflated sense of employee satisfaction with their benefits packages – there's a 14 percentage point gap between employers' perceptions of employee satisfaction, 76%, and employees' self-reported satisfaction, 62%.

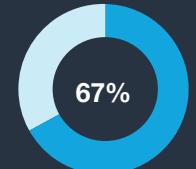


Pro tip: It is important for employers to understand the value their workforce places on safety measures and their benefits for their overall well-being – especially as many employees face burnout and say their mental health is having a negative influence on their productivity. These gaps in understanding are critical for benefits advisors and employers to be sure they are better equipped to meet their employees' needs and demands.

The majority of both employers and employees express satisfaction with their organization's COVID-19 responses.

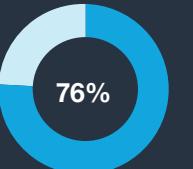


83% of employers are highly satisfied with their organization's COVID-19 response,

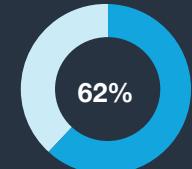


compared to only **67%** of employees.

Employers have a slightly inflated sense of employees' satisfaction with their overall benefits packages.



76% of employers believe their employees are highly satisfied with their benefits,



compared to only **62%** of employees who express high satisfaction.



Even as they indicate plans to invest more in their workforces over the next 12 months, companies struggle with offering robust benefits within their budgets.

Employers made a number of tough decisions over the past 12 months to reduce or maintain their operating costs, such as cutting back on hiring, eliminating or delaying raises, and reducing or eliminating bonuses. However, as the economy continues to bounce back, employers plan on reversing course slightly and investing more in their workforces by increasing hiring of both full- and part-time employees, as well as offering larger raises.

Benefits costs may put a slight damper on these plans, however:

- Offering robust benefits while staying within budget is the top challenge employers face.

Most employers, 60%, indicate that they have observed an increase in benefits costs over the past year. These increased costs will negatively impact their operating plans, including improving the quality of their benefits programs, offering bonuses and offering raises.

- Cost is also cited above all else as the top barrier for employers who do not currently offer benefits to their workforces.

Despite these rising costs, employers plan on keeping their existing coverage. In fact, employers are 70% more likely to offer more types of benefit options than they are to say they will reduce the benefit options that are available to their employees.

Most employers made operating changes because of rising health care costs.

We have not made any of these changes to control rising health care costs

26%

Increased employee share of premium

37%

Increased employee copays

32%

Increased employee deductibles

31%

Reduced number of health plan options

24%

Reduced value or quality of health plan options

19%

Reduced employer contribution to benefits options

13%

Stopped offering benefits

3%

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?

Percent that made changes:

62% of employers with less than 100 employees.

78% of employers with 100 to 499 employees.

77% of employers with 500 or more employees.

About the study

The 2021-2022 Aflac WorkForces Report is the 11th annual Aflac employee study examining benefits trends and attitudes. The survey was conducted by Kantar on behalf of Aflac. The employer survey took place online between June 28-July 14, 2021, and the employee survey took place online between June 28-July 16, 2021. The survey captured responses from 1,200 employers and 2,000 employees across the United States in various industries.

For more information visit aflac.com/awr.

Aflac and Kantar are members of the Insights Association governed by The Insights Association Code of Standards and Ethics for Marketing Research and Data Analytics.



Aflac includes Aflac and/or Aflac New York and/or Continental American Insurance Company and /or Continental American Life Insurance Company.

WWHQ 1932 Wynnton Road | Columbus, GA 31999

Z2100986A

EXP 10/22