

2026 benefits trends that drive retention and recruitment



Trends come and go but one that has stood the test of time is recruiting and retaining top talent. Health care costs continue to rise from year to year, which can either make or break the talent you keep or acquire. With that in mind, a competitive benefits package with a creative approach such as supplemental benefits, can become the difference maker in attracting the best talent within your industry.

The cost of health care remains a barrier

U.S. families continue to feel the strain of high health care costs – even at the high-income level. In fact, 12% of households earning more than \$100,000 a year said they were spending more than they were earning (55% of households earning less than \$50,000 said the same).¹ According to the Aflac WorkForces Report from 2024, 54% of employees say that inflation has hurt their finances over the past year.²

The cost of health insurance benefits certainly is a part of that. Due to the uptick in health care costs, insurance premiums increased by 7% in 2025 and the increase will more than double for 2026 at 18%.³ With a rise in everyday costs and health care benefits, employees look to their employers to accommodate for those aggressive costs.

That is where the challenge lies with business decision-makers. Employers are having to prioritize cost consciously solving this benefits dilemma while they're still struggling to keep talent. Exacerbating the issue, many are focusing on making cost-cutting changes to their 2026 plans which can cause new financial challenges for their employees such as higher deductibles and out-of-pocket costs.⁴

After all, employee retention was the No. 1 HR priority for organizations in 2025, and the second highest in operational priority – coming in behind revenue and above managing operational costs.⁵ Benefits play a key role here, with 8 in 10 employers saying that benefits are critical for attracting and retaining talent.⁶ If employees aren't pleased with the changes to their benefits, they might consider going elsewhere.

Supplemental insurance can be one asset that helps employers reconcile the concern of losing talent by helping employees close the gap of out-of-pocket costs not covered by their major medical insurance. There is little to no cost to your business as premiums are payroll deducted, and the price runs low for employees at usually just a few dollars per pay period.



Employee wellness is critical – and ambiguous

Only 44% of employees rate their well-being as positive, a seven-point decline from last year,⁷ and less than half, 48%, are confident that their employers care about their well-being. This is a decline from 2024, where 54% believed their employers cared, representing a significant opportunity for improvement.⁸

But it's difficult to know which wellness programs to build on with a multi-generation workforce. Mental wellness remains top of mind for Gen Z, while baby boomers are more likely to prioritize physical wellness.¹² To build robust wellness offerings, employers need to look at the full spectrum of their workforce and develop programs accordingly.

One area of need jumps out: preventive care. Nearly half of the U.S. population has at least one chronic disease, yet many conditions are preventable through lifestyle changes and early detection.^{9,10}

When you make wellness and preventive care readily available, you're building trust among your employees, while also relieving yourself of the shortfall triggered by absenteeism and productivity in relation to chronic conditions. Some absenteeism is inevitable, and short-term disability plans can help employees cover their expenses. But with benefits paid directly to employees for routine preventive care, such as wellness benefits available on many Aflac plans, health concerns and therefore the need for absence management plans can be minimized.

The workplace is more diverse than ever

A diverse workforce isn't just about demographics such as race, age and ability. It's also differences in working environments: 79% of employers say that some of their employees work remotely at least part of the time.¹¹ This gives employees the flexibility they crave, but it brings its own challenges in communicating to and educating their staff on benefits.

Age is another key point of diversity, and roughly two-thirds of all employers say it's difficult to meet the needs of a multigenerational workforce.¹³ In addition to varying perspectives on wellness, their attitudes toward benefits diverge. For example, Gen Z – the youngest group of employees – is at a life stage when they're likely to be active and take more physical risks than older generations, causing them to be more likely to consider accident insurance. Meanwhile, baby boomers and Gen X would be more interested in long-term care as they near retirement.

Though the more active lifestyle, Gen Z employees remain the most financially vulnerable with 51% unable to handle a \$1,000 medical bill. Meanwhile, baby boomers, who have historically been more financially stable, are struggling as well with 30% unable to handle a \$1,000 medical bill.⁸ This suggests that a wide range of generations are financially at risk and becoming more vulnerable.

Another thing holds true across generations: Regardless of age, members of the workforce are dissatisfied with their work lives.¹⁵ Developing flexible, opt-in benefits packages that consider different lifestyles and generational needs may help you meet your retention and recruitment goals.

Employees need better benefits education

Only 38% of employees say they understand everything about their benefits.⁸ That means they're not taking advantage of potential boosts to their financial, mental and physical well-being – and not fully appreciating what their workplace is offering them.



Stronger communication throughout the year and during open enrollment season can help. That can be facilitated by seamless, intuitive technology – a tool that decision-makers want just as much as their team members. The benefits landscape can be confusing, and having a singular portal that allows people to learn at their own pace and explore what's available, can make the difference between a benefits package that's beloved and one that's underused.

Technology is important to employers with 77% of them saying they would choose an insurance carrier based on whether they could connect easily to its platform.¹⁴ Aflac has invested in its ability to integrate with the most popular benefits platforms, including ADP, Benefitfirst, Ceridian, Paycom, Oracle, Businessolver and Benefitfocus.

Creativity is the way forward

If the continually rising cost of health care benefits is any indication of the benefits world at large, there's no easy break on the horizon for employers. To attract and hold onto the talent that will drive their organizations forward, benefits decision-makers need to draw on their ingenuity and creativity to put together the right packages.

Flexible hours and locations, on-site wellness perks – all of these can help support employers facing the challenges of 2026 and beyond. That's also true of Aflac, which offers low-cost supplemental coverage at little or no cost to employers.

With Aflac, employers get a recognizable, reliable brand – 45% of employers say that brand reputation is roughly as important as cost when choosing a benefits provider.⁸ The result: a common-sense approach to helping employees get the care they need, at the cost that's right for you.

Activate your 2026 benefits plans by contacting your Aflac benefits advisor or visiting aflac.com/business.

¹ Federal Reserve. "Report on the Economic Well-Being of U.S. Households in 2024 - May 2025." Updated 6.12.25. [Accessed 10.28.25](#).

² Aflac. "Aflac WorkForces Report: Workplace benefits trends. "Employee financial fragility + the role of supplemental insurance." Published 2024. [Accessed 10.28.25](#).

³ KFF "How Much and Why ACA Marketplace Premiums Are Going Up in 2026." Published 8.6.25. [Accessed 10.28.25](#).

⁴ Mercer. "Employers are bracing for the highest health benefit cost increase in 15 years." Published 9.4.25. [Accessed 10.28.25](#).

⁵ Gallagher. "2025 Workforce Trends Report Series: Talent Benchmarks." Published 2025. [Accessed 10.28.25](#).

⁶ LIMRA. "Harnessing Growth in Workforce Benefits: The Next Horizon." Published 2025. [Accessed 10.28.25](#).

⁷ Alight. "Alight study reveals workers are seeking increased support from employers amid wellbeing crisis." Published 10.31.2024. [Accessed 10.28.25](#).

⁸ Aflac. "Aflac WorkForces Report: Executive summary." Published 2025. [Accessed 10.28.25](#).

⁹ CDC. "Chronic Diseases Prevalence in the US: Sociodemographic and Geographic Variations by Zip Code Tabulation Area." Published 2.29.2024. [Accessed 10.28.25](#).

¹⁰ CDC. "Preventing Chronic Diseases. What You Can Do Now." Published 5.15.2024. [Accessed 10.28.25](#).

¹¹ Gallup. "Hybrid Work." [Accessed 10.28.25](#).

¹² Bain & Company. "Current health and wellness goals." Published January 2025. [Accessed 10.28.25](#).

¹³ CTO Magazine. "Benefits and Challenges of Adopting a Multigenerational Workforce." Published 2.3.25. [Accessed 10.28.25](#).

¹⁴ Aflac. "Aflac WorkForces Report: Executive summary." Published 2024. [Accessed 10.28.25](#).

¹⁵ HR Morning. "Generational Differences in Happiness at Work: 2 Big Research Insights." Published 5.21.25. [Accessed 10.28.25](#).

Individual coverage is underwritten by Aflac. Group coverage is underwritten by Continental American Insurance Company (CAIC), a wholly-owned subsidiary of Aflac Incorporated. CAIC is not licensed to solicit business in New York, Guam, Puerto Rico, or the Virgin Islands. For groups situated in California, group coverage is underwritten by Continental American Life Insurance Company. For individual coverage in New York or coverage for groups situated in New York, coverage is underwritten by Aflac of New York.

Aflac WWHQ | 1932 Wynnton Road | Columbus, GA 31999
Continental American Insurance Company | Columbia, SC
Aflac New York | 22 Corporate Woods Boulevard Albany, New York 12211