

2025 WORKPLACE  
BENEFITS CONFERENCE

*Pathways to Growth*

# Harnessing Growth in Workforce Benefits: The Next Horizon

2025 Refresh





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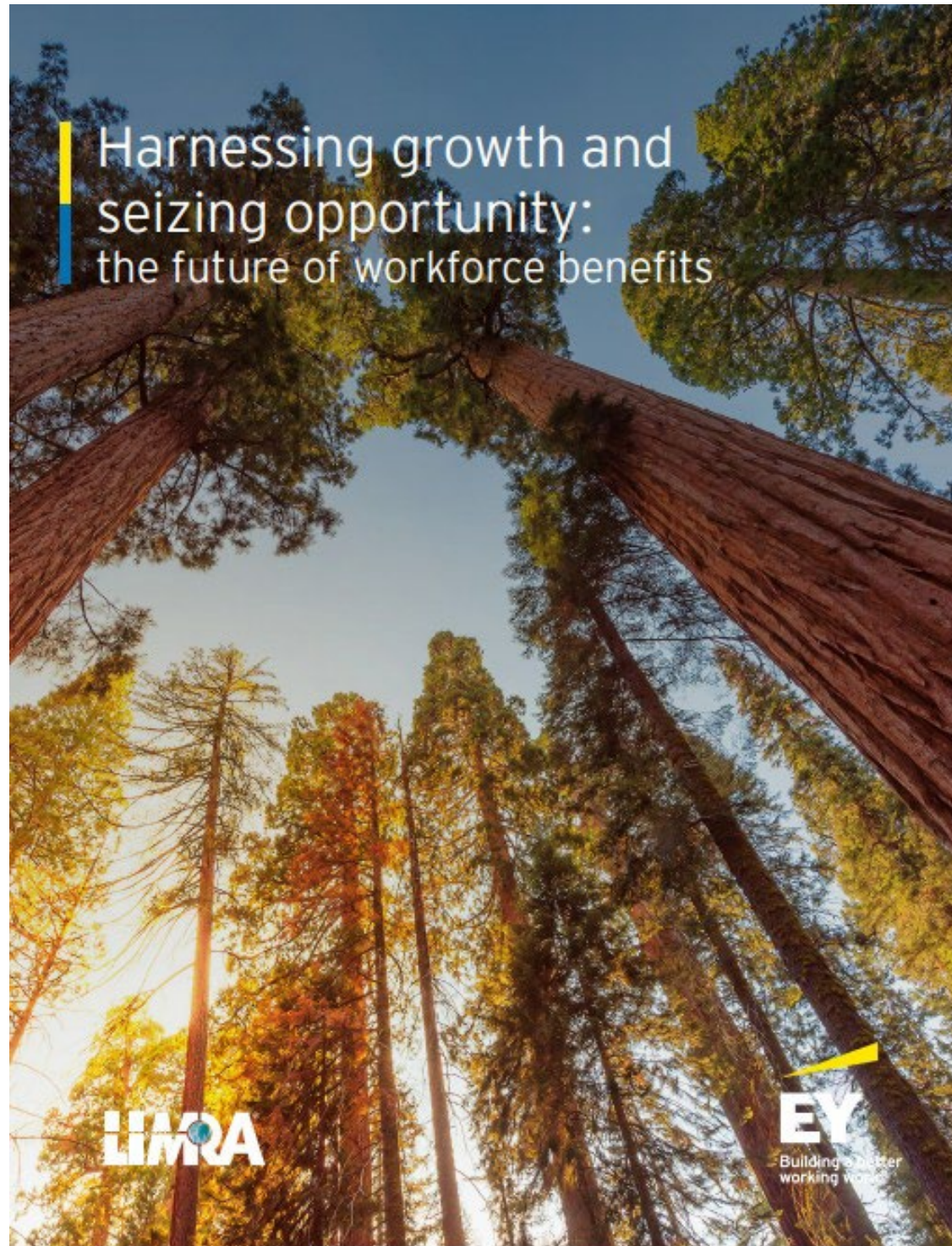


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*Americas Life & Group Benefits Leader*  
Ernst & Young LLP



# Our 2025 Research Refresh Approach



## 2025 Focus

Our refresh approach leveraged a combination of **quantitative and qualitative** research to understand commonalities and differences across **key personas** in the workforce benefits ecosystem.

**Broker  
Interviews**

**Employer  
Surveys**

**Employee  
Surveys**

# The Future of Workforce Benefits

## What remains the same?

- Workplace benefits continue to be central in the war for talent
- The “Wheel Is STILL Real”
- Digital transformation continues unabated
- Profitable, sustainable growth is the end game

## What is different?

- Economic and labor force uncertainty
- We have now shifted in the generational tipping point
- Absence/Leave Management is becoming a burning platform
- Artificial intelligence is a potential game changer

# Our 2025 Harnessing Growth Research Findings

**Benefits  
continue to grow in  
importance**

**The demand for  
freelance labor is  
growing and  
underserved**

**The Wheel is  
STILL real!**

**Brokers remain  
essential but the  
landscape is evolving**

**The “next horizon”  
of Absence/Leave  
Management  
services is emerging**

**Digitize or be  
disrupted...and AI may  
be the catalyst**

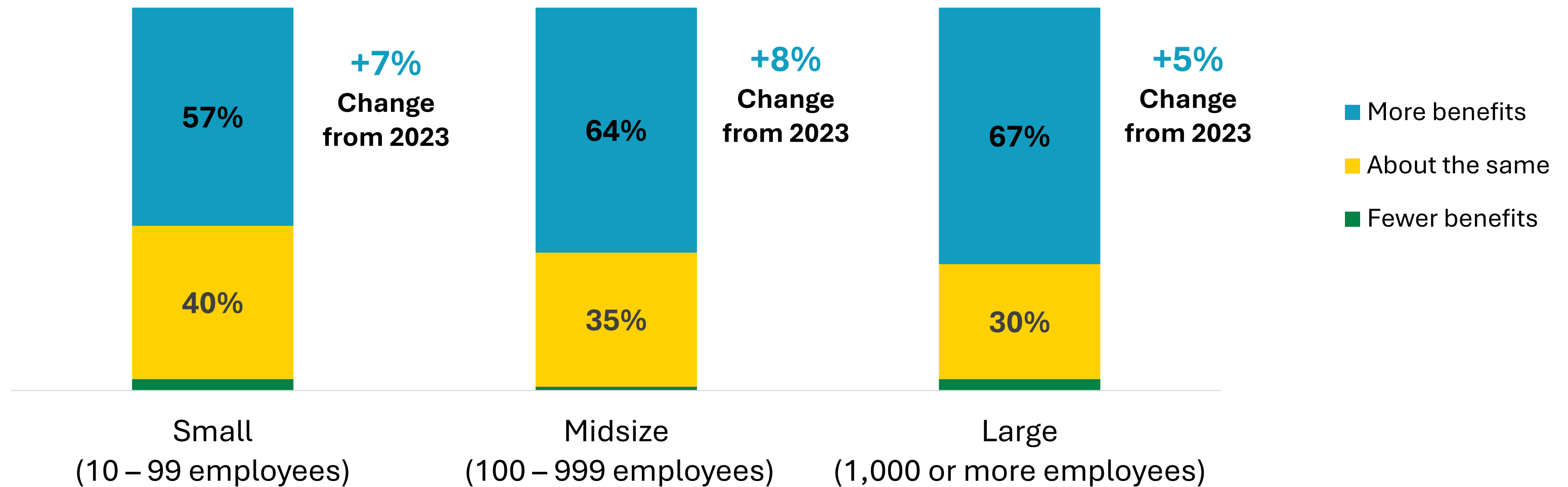




## Benefits Continue to Grow in Importance

# Majority of Employers Expect to Offer More Benefits in the Future

In five years, do you think your company will be offering fewer, the same, or more benefits than it does now?



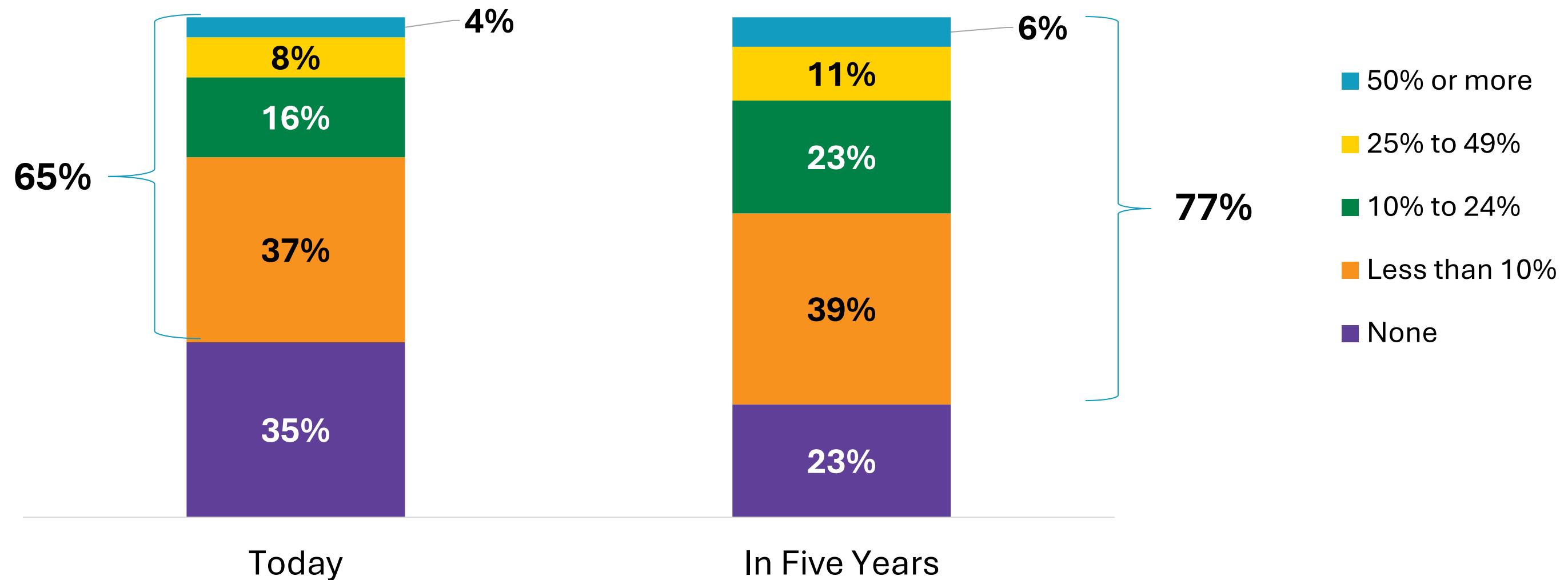


## The Demand for Freelance Labor Is Growing and Is Underserved



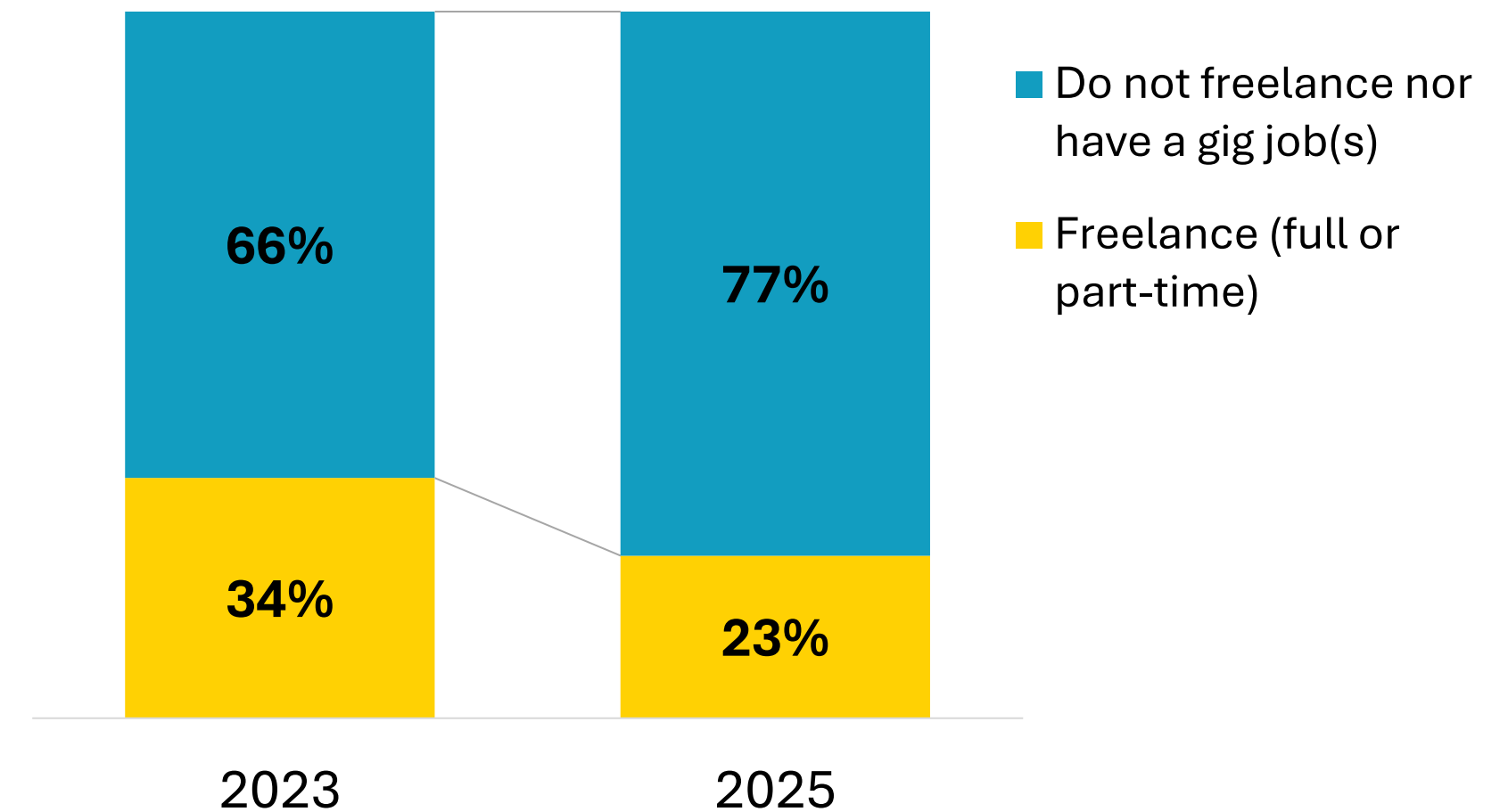
# Employers Across All Segments Will Leverage More Freelance Workers in the Future

## Use of Freelance Workers



# The “Gig Economy” Is Slowing Down... but Continues to Be an Unmet Need

- The demand for freelance workers is increasing.
- However, the “Gig Economy” is slowing down.
- It continues to be most relevant to Gen Z.
- When used, over half of gig and freelance workers are interested in obtaining insurance, retirement savings, and related financial services through the online platform(s) used.
- To attract the best freelancers, employers seek to offer them benefits but walk a tightrope.

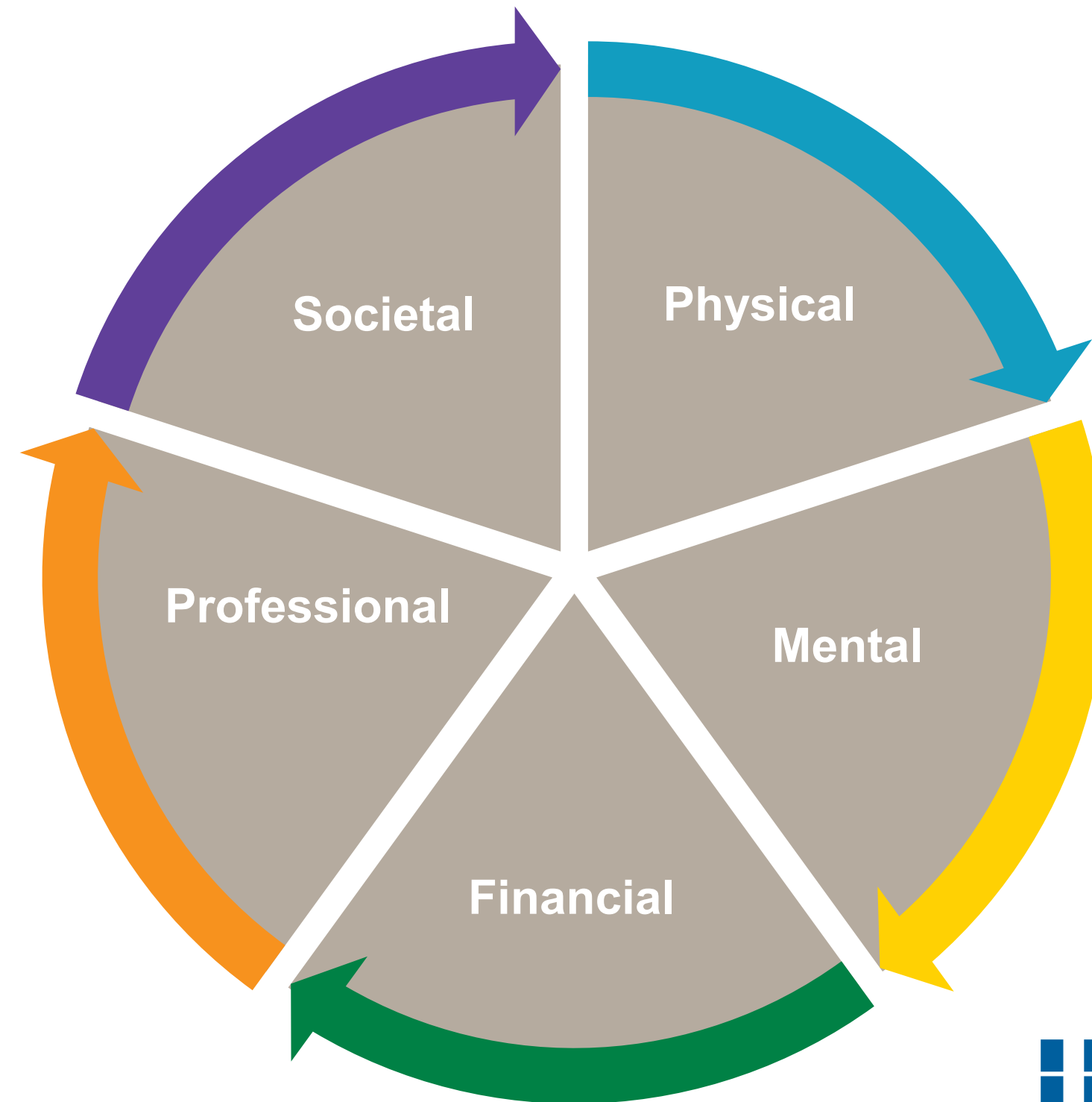




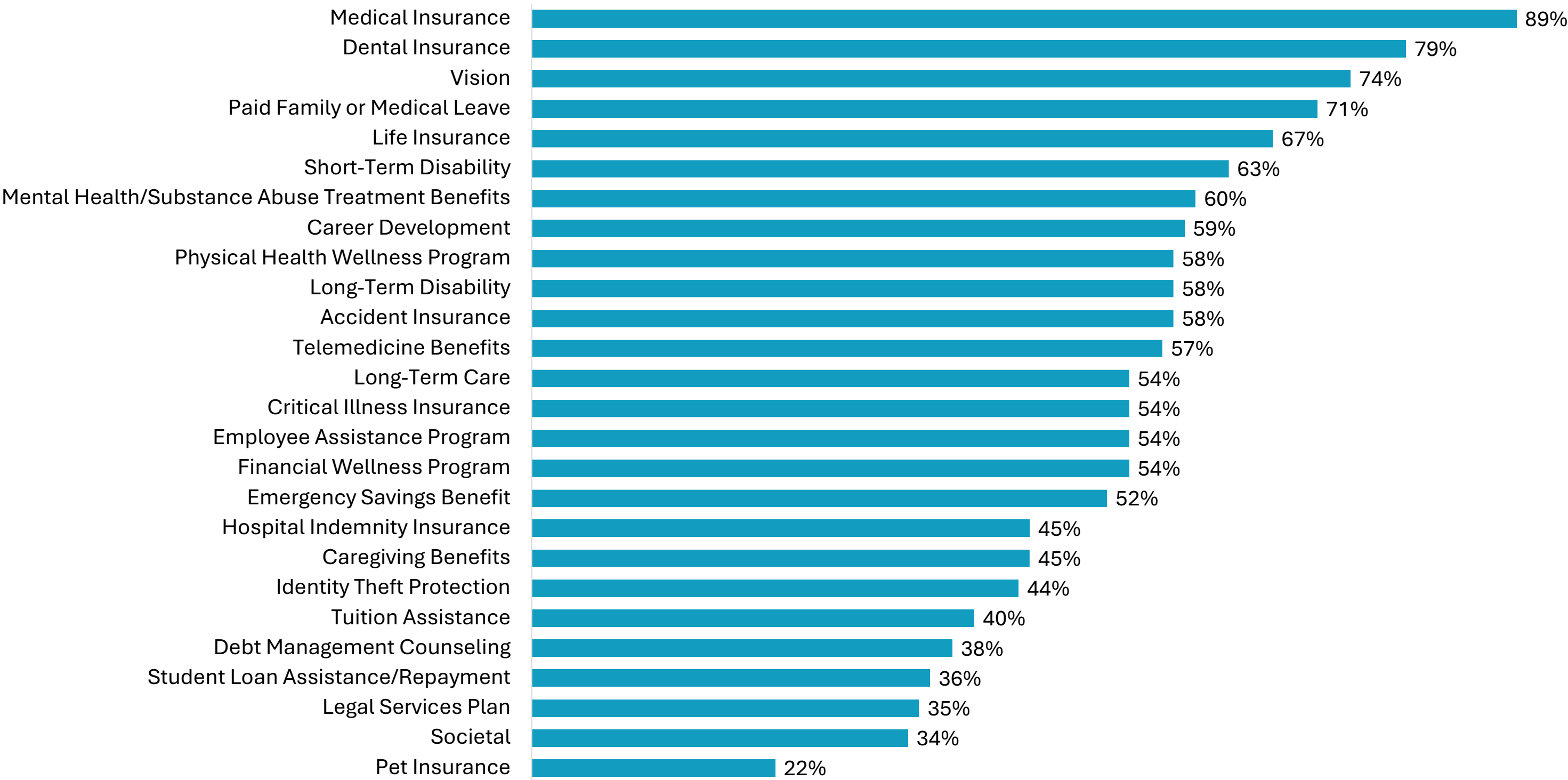
The Wheel Is STILL Real!



## “The Wheel of Wellness”



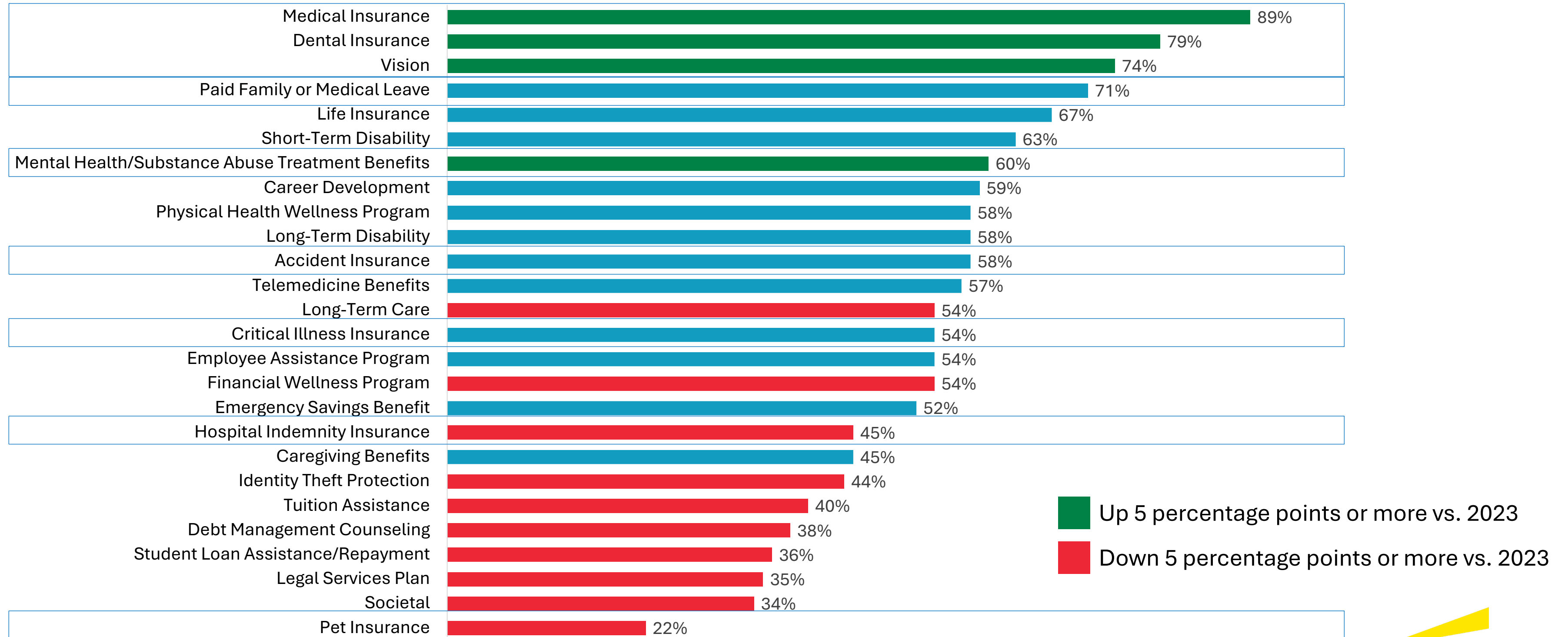
# Employers Continue to See Need for “Total Well-Being”



Percent of employers who believe their company’s employees will be “very” or “extremely” interested in the benefit in the future.

Source: *Harnessing Growth in Workforce Benefits: The Next Horizon*, LIMRA and EY, 2025.

# Employers Continue to See Need for “Total Well-Being”

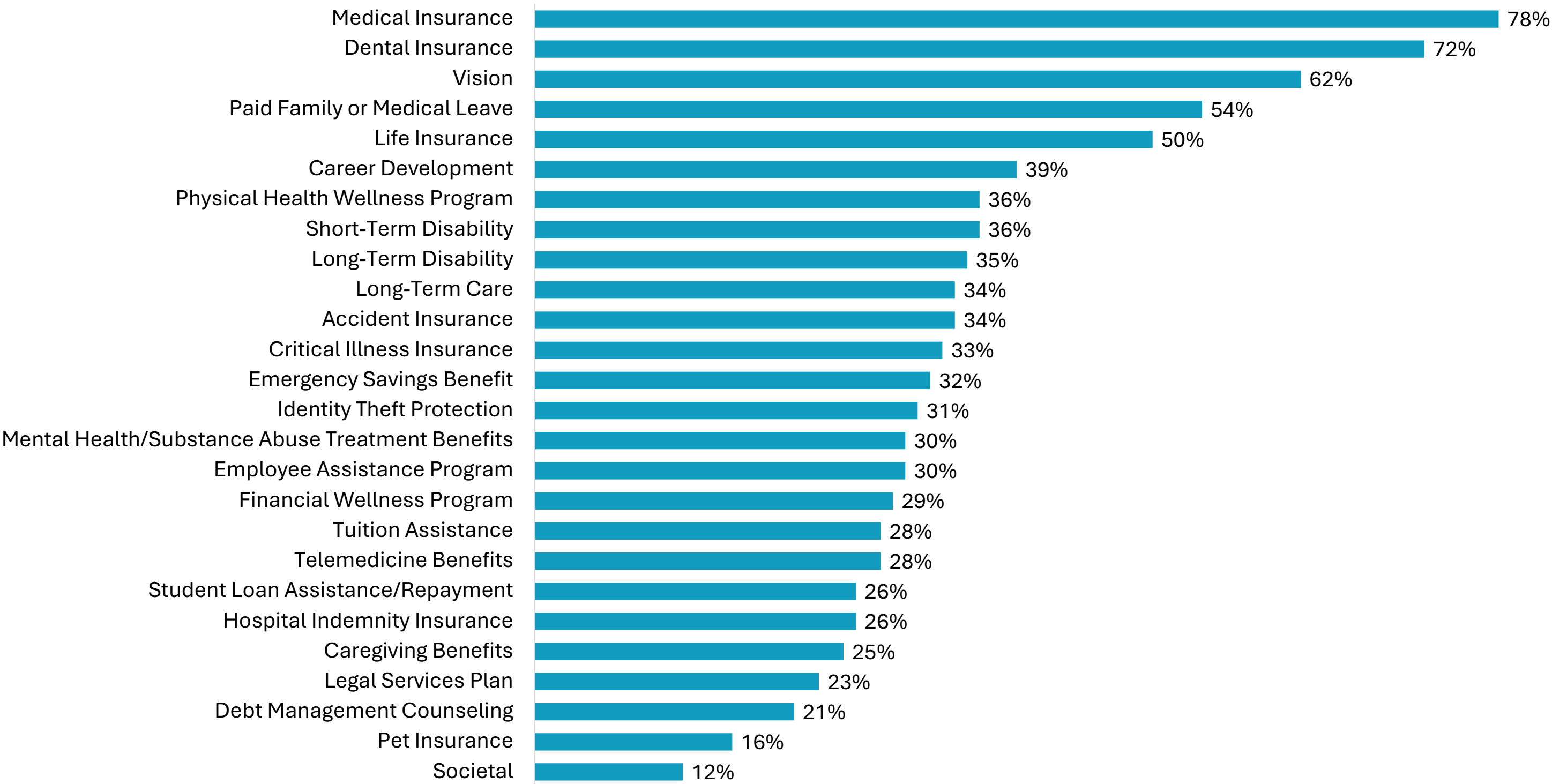


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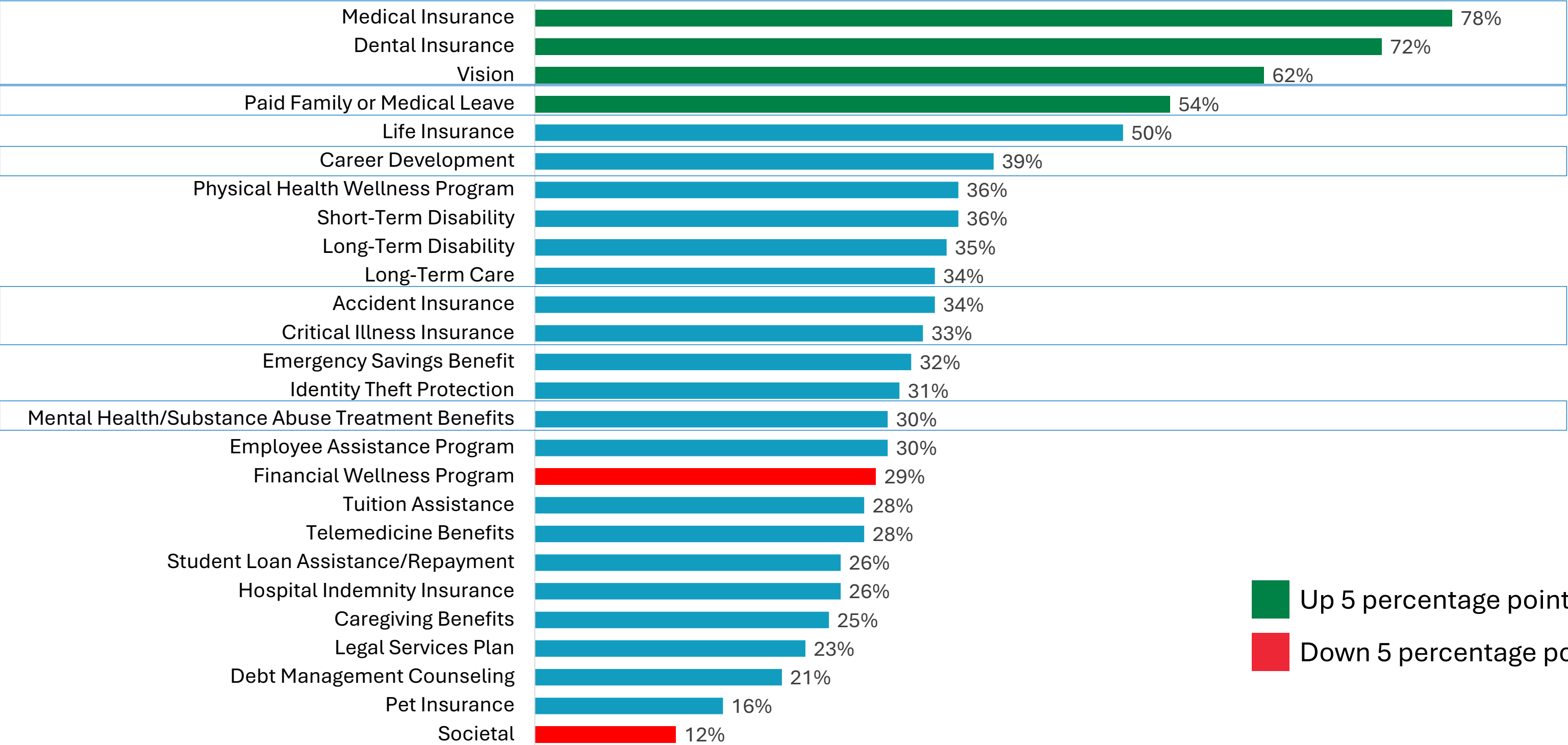
# Employees Value a Range of Benefit Offerings



Percent of employees who are “very” or “extremely” interested in having their employer offer the benefit in the future

Source: *Harnessing Growth in Workforce Benefits: The Next Horizon*, LIMRA and EY, 2025.

# Employees Value a Range of Benefit Offerings



■ Up 5 percentage points or more vs. 2023  
■ Down 5 percentage points or more vs. 2023

# The Generational Shift Continues, and Needs Differ Dramatically

	Gen Z	Millennial	Gen X	Boomers
Medical insurance				
Dental insurance				
Vision insurance				
Paid family or medical leave	54%	57%	54%	43%
Life insurance				
Career development	40%	46%	37%	25%
Physical health wellness programs				
Short-term disability insurance				
Long-term disability insurance				
Long-term care insurance				
Accident insurance				
Critical illness insurance				
Emergency savings benefit	41%	34%	30%	18%
Identity theft protection				
Mental health or substance abuse treatment benefits	45%	33%	24%	19%
Employee assistance programs				
Financial wellness programs				
Telemedicine benefit				
Tuition assistance				
Student loan assistance/repayment	41%	32%	19%	7%
Hospital indemnity insurance				
Caregiving benefits				
Legal services plan				
Debt management counseling				
Pet insurance				
Societal benefits				



# The Generational Shift Continues, and Needs Differ Dramatically

	Gen Z	Millennial	Gen X	Boomers
Medical insurance	67%	75%	86%	80%
Dental insurance	61%	72%	76%	74%
Vision insurance	50%	61%	69%	63%
Paid family or medical leave	54%	57%	54%	43%
Life insurance	48%	52%	53%	40%
Career development	40%	46%	37%	25%
Physical health wellness programs	39%	39%	34%	32%
Short-term disability insurance	24%	35%	41%	37%
Long-term disability insurance	22%	35%	40%	41%
Long-term care insurance	30%	31%	36%	42%
Accident insurance	39%	34%	33%	32%
Critical illness insurance	29%	33%	34%	33%
Emergency savings benefit	41%	34%	30%	18%
Identity theft protection	37%	31%	27%	32%
Mental health or substance abuse treatment benefits	45%	33%	24%	19%
Employee assistance programs	28%	36%	28%	19%
Financial wellness programs	36%	33%	26%	17%
Telemedicine benefit	31%	29%	30%	20%
Tuition assistance	40%	32%	24%	11%
Student loan assistance/repayment	41%	32%	19%	7%
Hospital indemnity insurance	30%	24%	27%	24%
Caregiving benefits	30%	27%	20%	22%
Legal services plan	24%	26%	21%	19%
Debt management counseling	34%	24%	17%	9%
Pet insurance	23%	19%	12%	9%
Societal benefits	22%	15%	9%	4%

Percent of employees who are “very” or “extremely” interested in having their employer offer the benefit in the future

Source: *Harnessing Growth in Workforce Benefits: The Next Horizon*, LIMRA and EY, 2025.



# Brokers Are Expecting Product and Service Expansion, but It's All About Utilization and Value

*“The industry needs to head where people are heading... new desire for lifestyle and wellness... people want to live life and fulfill corporate goals.”*

*“Platforms that are winning more are not just driving value in helping me **choose**, but the focus is shifting to helping me **use**.”*



Brokers'  
Voices

*“We need to stop adding additional coverages with low benefits utilization, rather shift to adding conditions that drive higher level utilization.”*

*“Why has someone not yet created a **cradle** to **grave** solution?”*



## Brokers Remain Essential but the Landscape Is Evolving



# Brokers Were Clear: The Distribution Landscape Is Rapidly Evolving

## *Unintended consequences of consolidation*

**Clients are demanding more, and hyper-focused on economic value**

**Concerns exist in ushering in the next generation of strategic brokers**

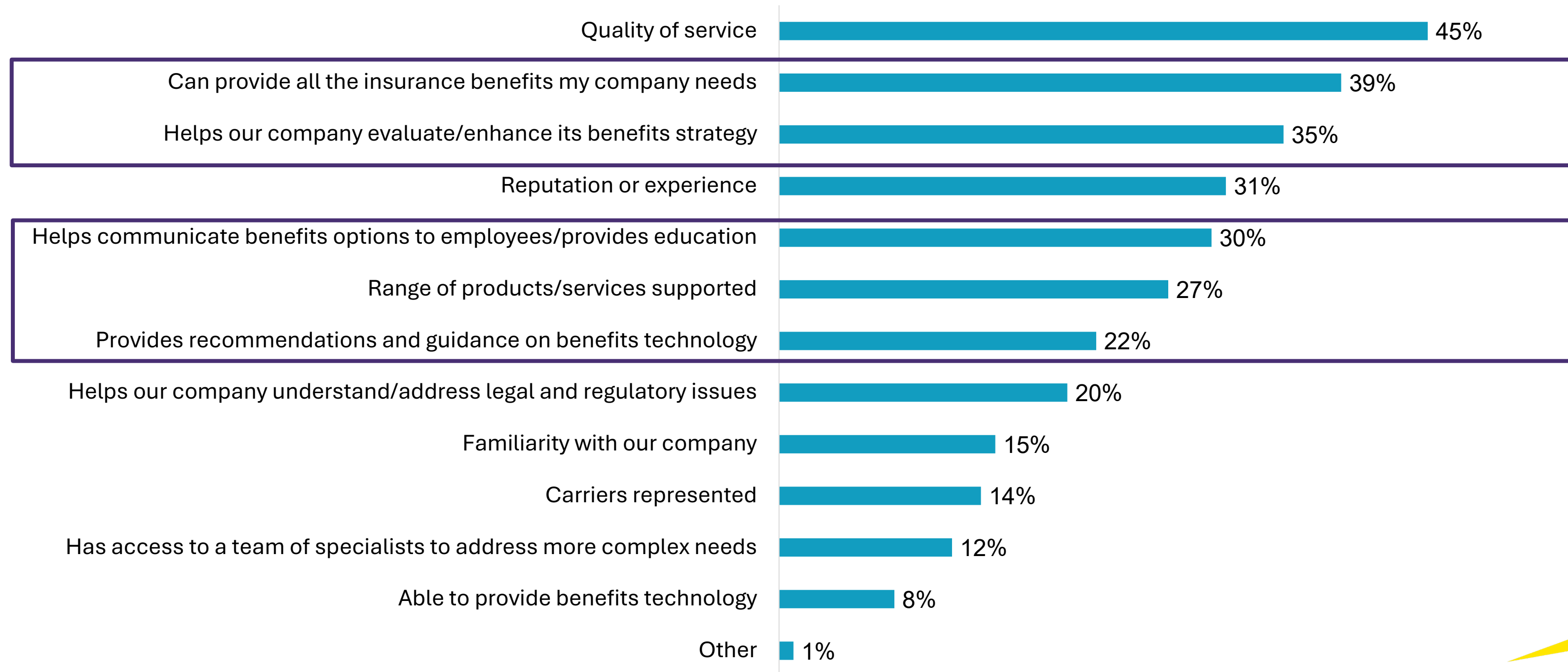
**Stifling innovation and creativity**

**More transparency will be mandated to retain broker trust**

**Majority believe AI will be where disruption comes from**

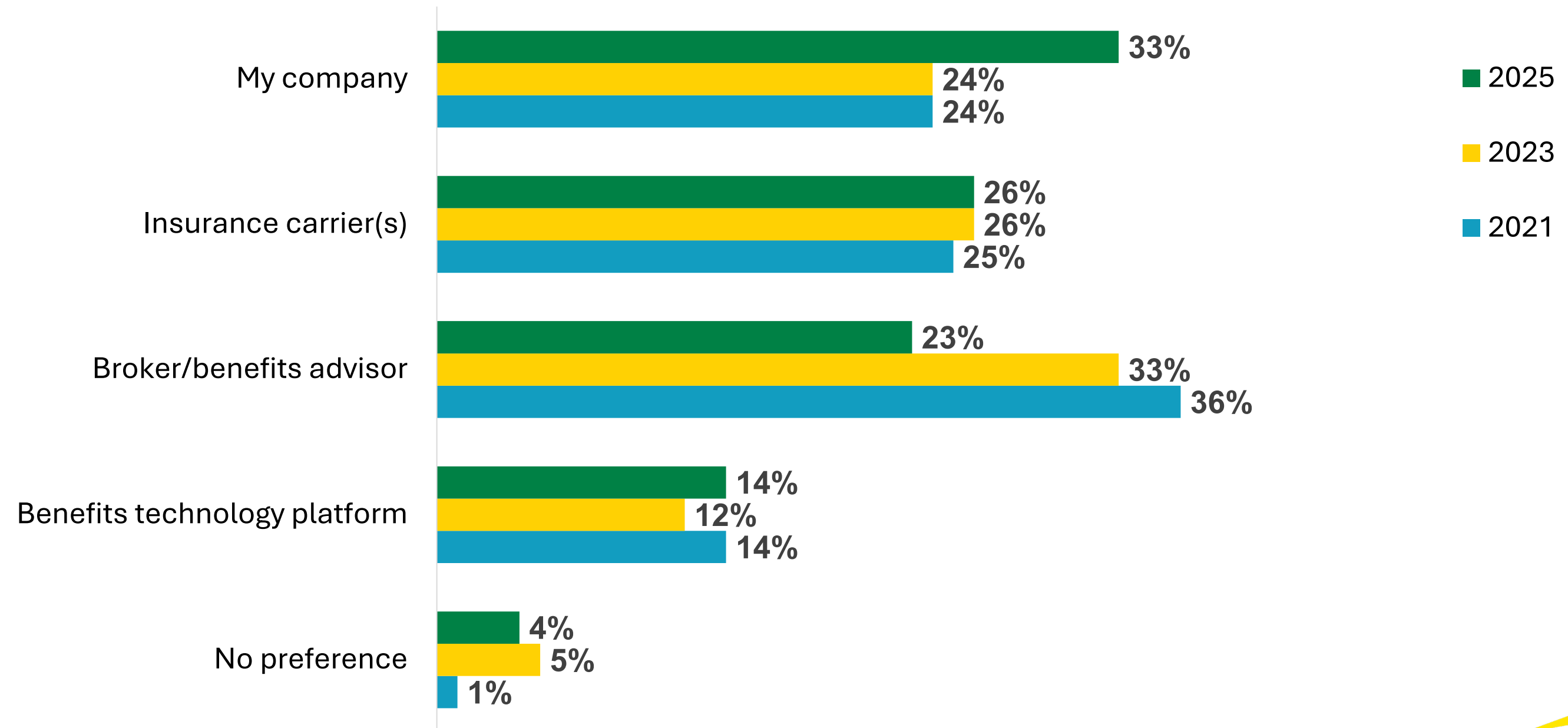
**Leaving smaller size segments underserved**

# Beyond Quality, Employers Are Seeking Holistic Strategy and Benefits Access From Brokers



# It Is a Jump Ball, so Employers Seem to Be Grabbing It... but Employees Need the Help

**Who do you think should be primarily accountable for providing the education and awareness needed for employees to make confident enrollment decisions?**



# Brokers Demand More From Carriers

*“Carriers that **put forward a single point of accountability** facing off to the brokers, stand a better chance of winning because they can capture the relationship and overcome the noise that brokers face with too many people calling on them.”*

*“We’ve got **too many people selling products and not enough people solving problems**. If you ask a carrier rep what does a broker need, I could pretty much set my watch to them rattling off two or three things that they sell, and nothing more.”*



Brokers’  
Voices

*“They [carriers] just are very **short-sighted in terms of really helping employers** help their population. It’s really frustrating; it really is.”*

*“Brokers are **hungry and desperate for data**. And the carriers have it and they’re not using it. So, the number one thing a carrier can do to differentiate themselves is create a reporting package that is fully transparent.”*



# Employers Are Seeking a Wide Array of Data as Input Into Their Decision Making

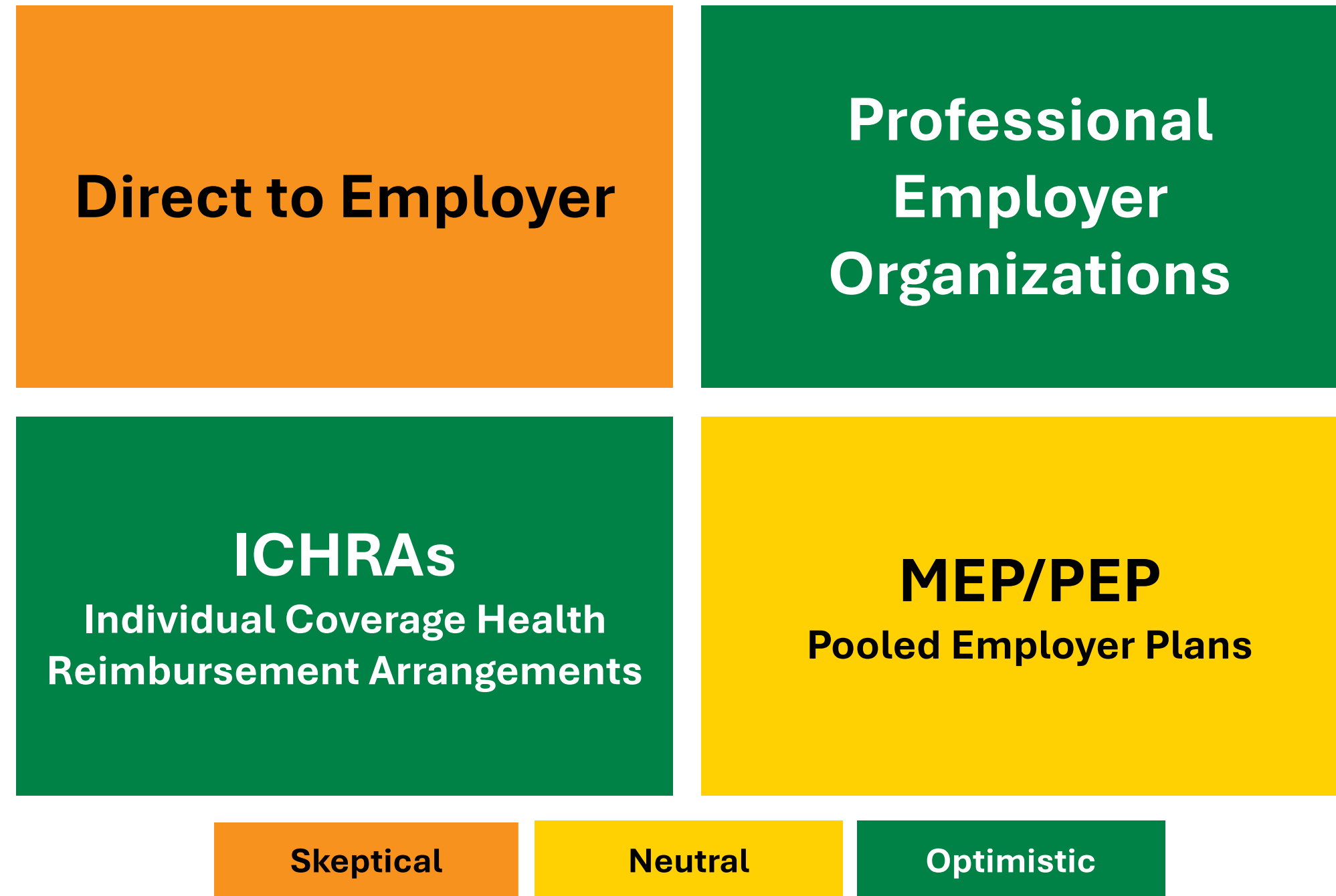
## Percent of Employers



Represents the percent of employers ranking item among their top three most important types of data considered when making decisions about the design of benefits program.

Source: *Harnessing Growth in Workforce Benefits: The Next Horizon*, LIMRA and EY, 2025.

# Brokers Are Very Clear Which Alternate Distribution Options or Methods Will Succeed



# Brokers Were Very Optimistic on ICHRAs and PEOs

*“I’m hopeful that in the next year to three years we’ll see more **ICHRAs**, because I think that really is a **great opportunity** for employers to save money and still give very effective delivery of benefits to their employees.”*

*“**ICHRAs are gaining momentum...**The cost savings are great for an ICHRA, especially with certain populations. But then you’ve got the HR team going, ‘Oh, but wait. That level of destruction isn’t going to work with our population.’”*



Brokers’  
Voices

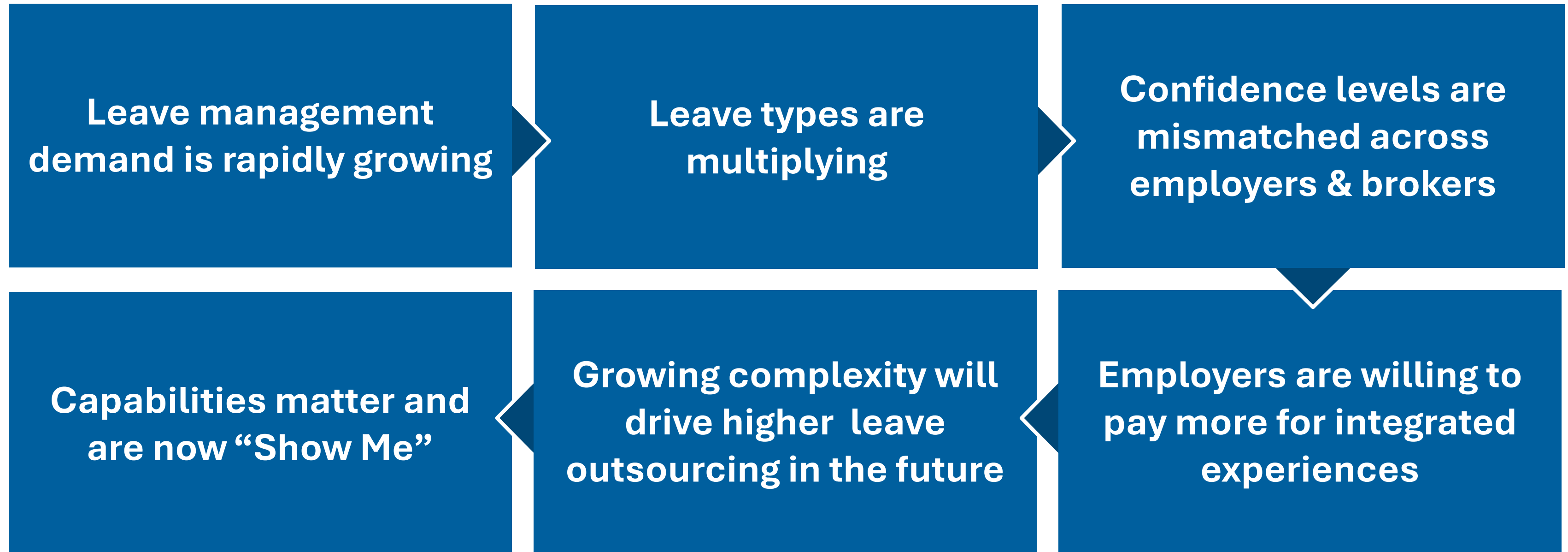
*“...if I **could just outsource all of that and move it over to PEO** and let them deal with it all, then I can focus on strategy or whatever else it is. And so we’ve seen a lot more clients who were interested in making that move than I would have thought.”*

*“Over the last six months alone, a **lot of questions have come in around kind of the PEO business.**”*



## The “Next Horizon” of Absence/Leave Management Services Is Emerging

# The “Next Horizon” Is Emerging... But Are Our Experiences Truly Ready?





# Leave Management Demand Is Rapidly Growing

**38%**

of employers have seen an increase in absences since implementing a mandated PFML program

**24%**

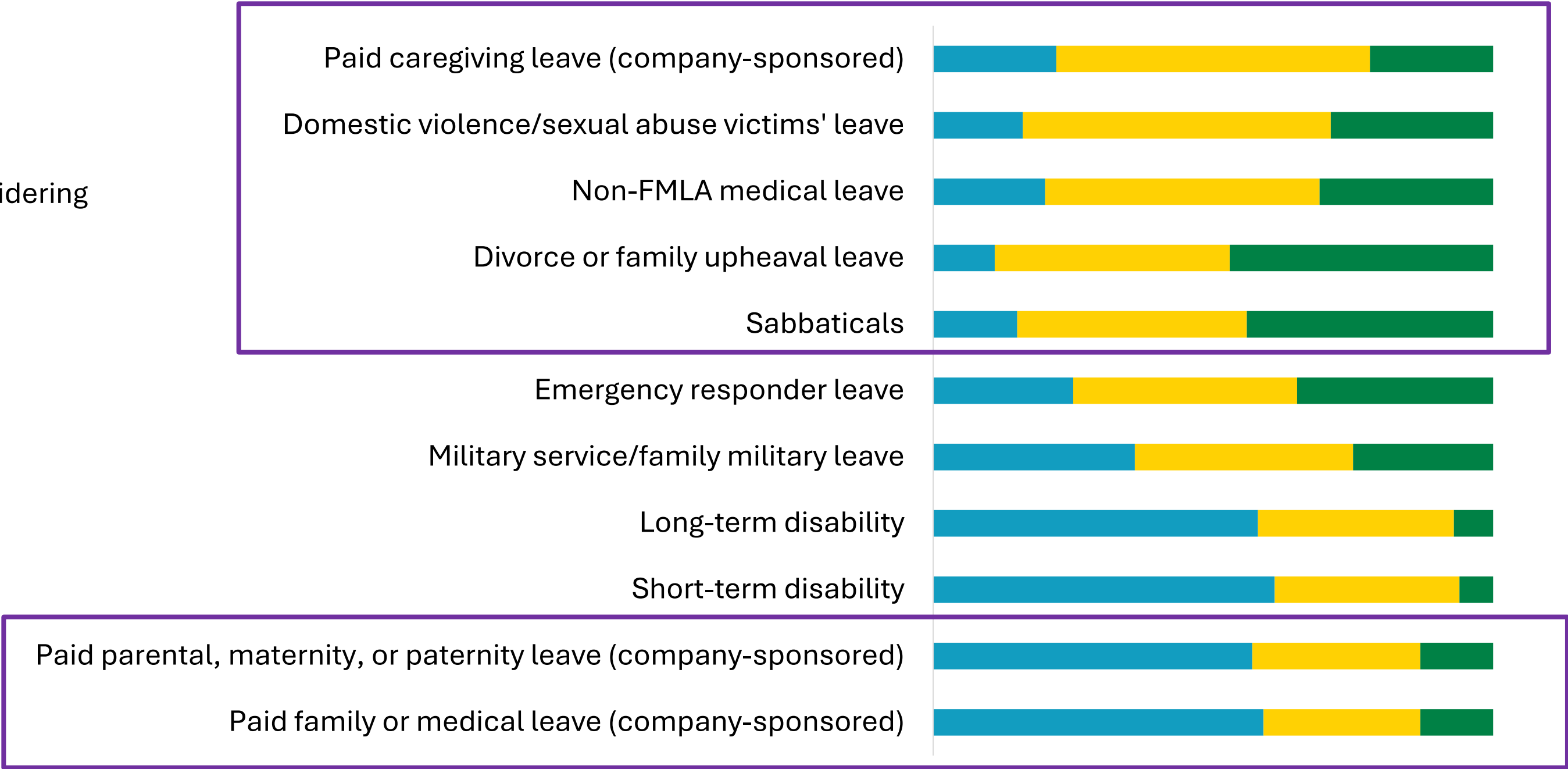
of workers found the leave experience, including return to work “very easy”

**56%**

of employers would purchase insurance to provide Paid Family Leave coverage, where allowed

# Leave Offerings Are Expanding Into Next Horizon of Leave Types

- Currently offer
- Plan to add/considering
- No plans to offer



# Leave Offerings Are Expanding Into Next Horizon of Leave Types

## Percent of Employers

**55%**

Of small employers (10-99)  
are planning/considering  
three or more additional  
leave offerings

**58%**

offer paid leave benefits  
that create parity for all  
workers regardless of  
geography

**37%**

are considering changing  
their paid leave policies to  
accommodate intermittent  
or reduced schedule leaves

# Employers May Underestimate the Impending Challenges As We Consider 3-5 Years Out

## Voice of Employers

79%

of employers expect that administering their company's overall leave management program will *not* be very or extremely challenging three to five years from now.

## Voice of Brokers

*"Employers are going to struggle. If I am a decentralized employer across many states, I am **scratching my head on how I can comply and limit my exposure** with the rate of change."*

*"**How can I possibly be spending 50-60 hours a week focusing on healthcare** and now have to focus on absence and leave?"*

*"**Carriers do not have the discipline** to be all things to all people. [Carriers] better have specialization in supporting absence."*

# Most Employers Are in a Private Plan due to Effort/Cost/Experience

## Options to manage mandated PFML

Public plan  
administered by  
the state

Private/voluntary plan  
managed by a carrier or  
third party

Varies, depending on  
the type of plan

## Why did your company choose to offer a private/voluntary PFML plan managed by an insurance company?

**57%** Less burden on internal staff

**57%** More cost effective

**55%** To achieve better integration with employer-sponsored disability and other paid leave benefits



**44%** To achieve more consistency across state lines

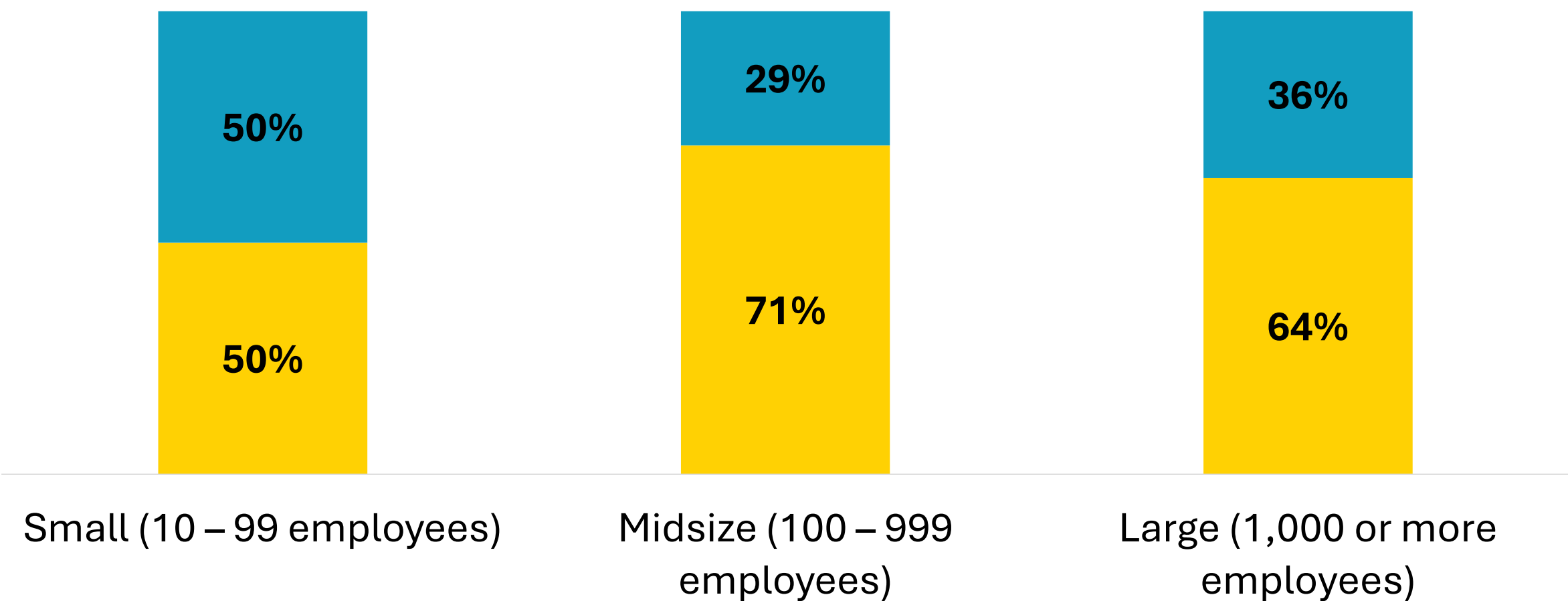
**26%** Did not have the in-house expertise



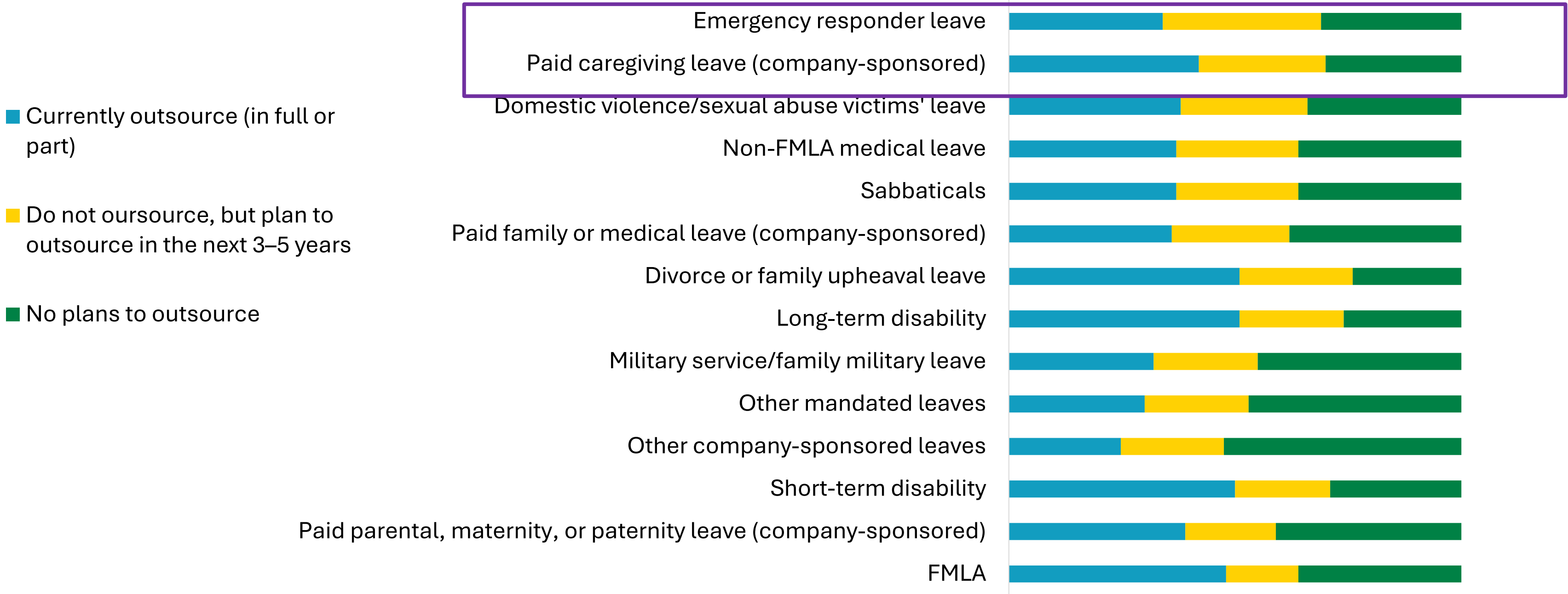
# Mid to Large Employers Are Willing to Pay More for an Integrated Experience

**Imagine your company was selecting a carrier for a new disability insurance benefit.  
Which of the following would you choose?**

-  A carrier that provides **an integrated** absence management program along with its disability product — **for a higher price**
-  A carrier with the best-value disability product even **without an integrated**, real-time absence management system



# Growing Complexity Will Drive Higher Leave Outsourcing in the Future

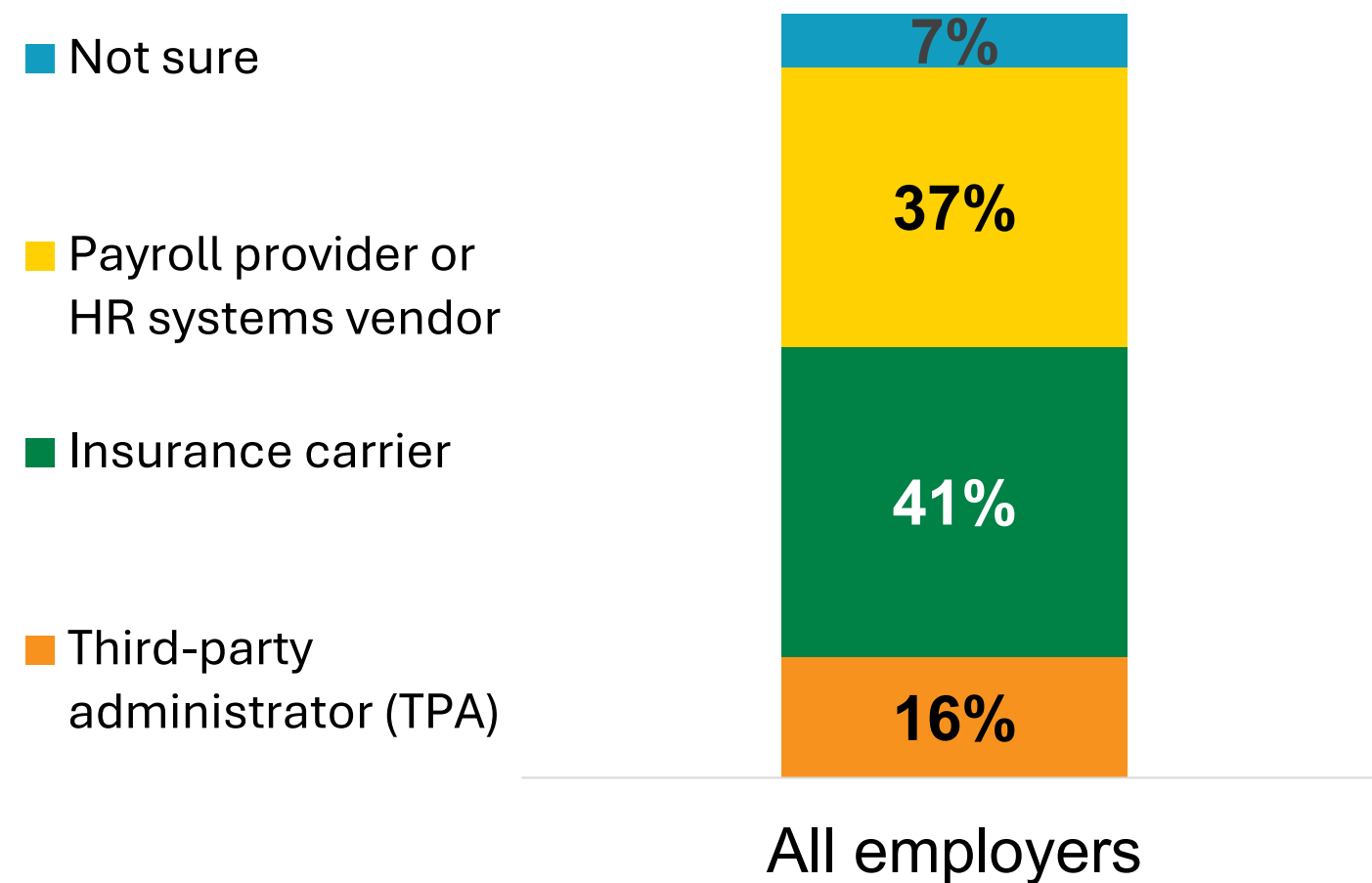


Base: Employers offering each respective leave.

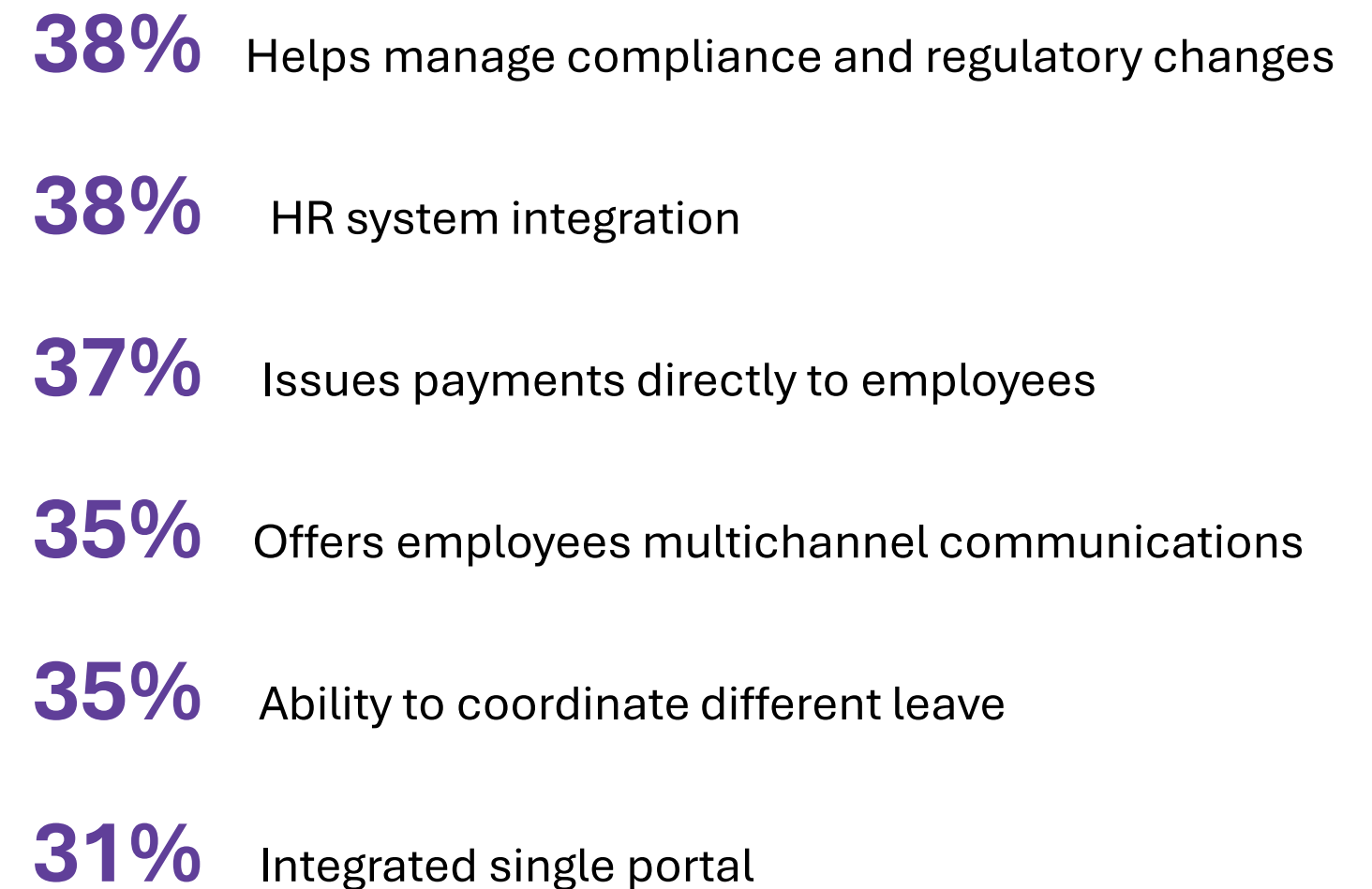
Source: *Harnessing Growth in Workforce Benefits: The Next Horizon*, LIMRA and EY, 2025.

# Insurance Carriers and Payroll/HR Vendors Seem Most Likely to Be Targeted

**For those leaves you plan to outsource, what type of company would you prefer to partner with to administer the leaves?**



**What are the most important capabilities when selecting a vendor for outsourcing?**



Note: Small base (n=84 responses).

Source: *Harnessing Growth in Workforce Benefits: The Next Horizon*, LIMRA and EY, 2025.

# Brokers Are Hyper-Focused on Capabilities and Integrated Experiences

*“Employers want to see what the experience is for the employee and for the employer. And the less steps and more seamless communication between all of that is a game changer.”*

*“I believe some of the **newer solutions are winning because they’re not built on legacy** platforms. I think the carrier that has a legacy leave solution will lose if they don’t transform into a modern platform.”*



Brokers’  
Voices

*“I’ve seen more leave of absence cases in my role in the last 12 months than I’ve seen in the prior nine years combined.”*

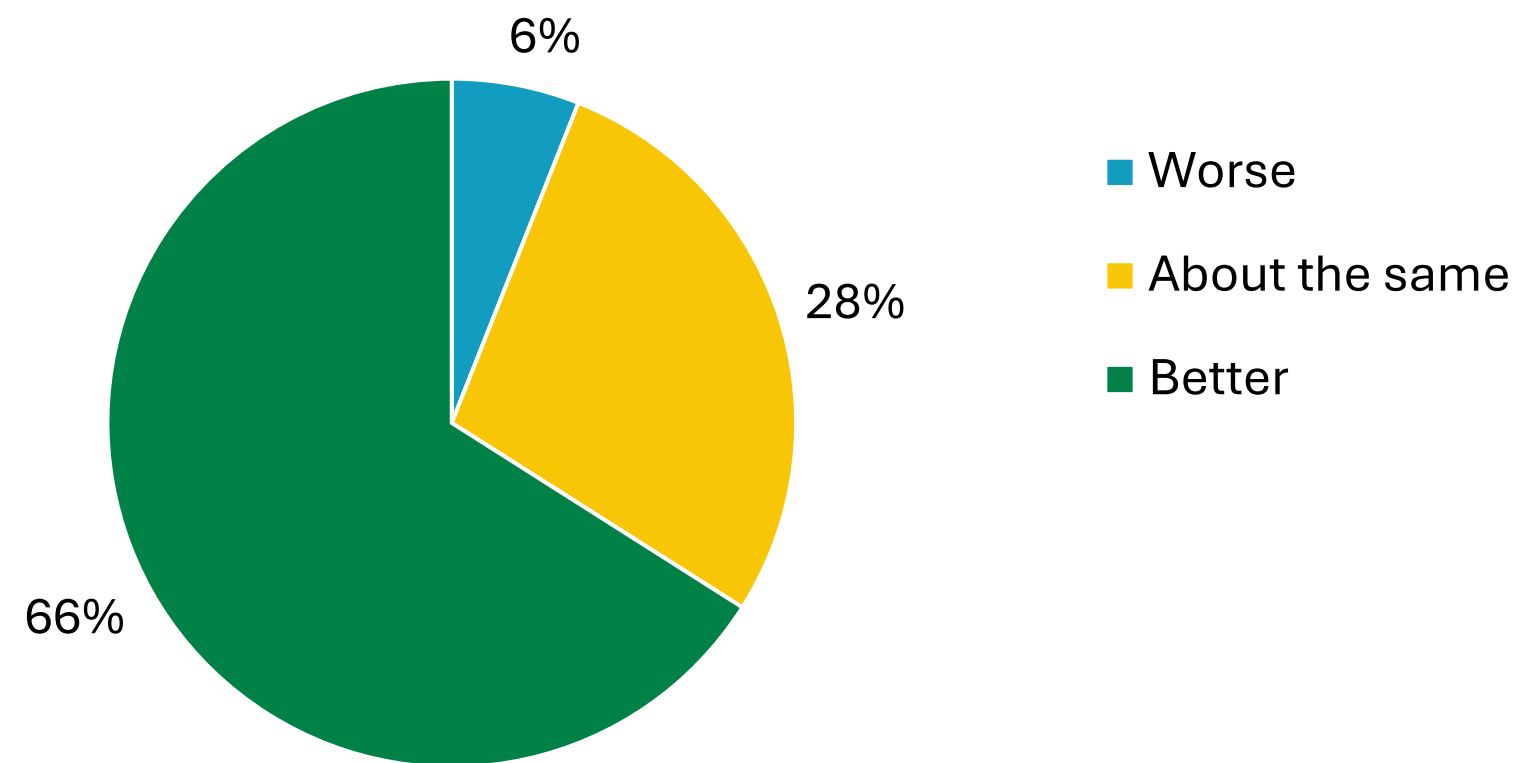


Digitize or Be Disrupted — and AI May Be the Catalyst

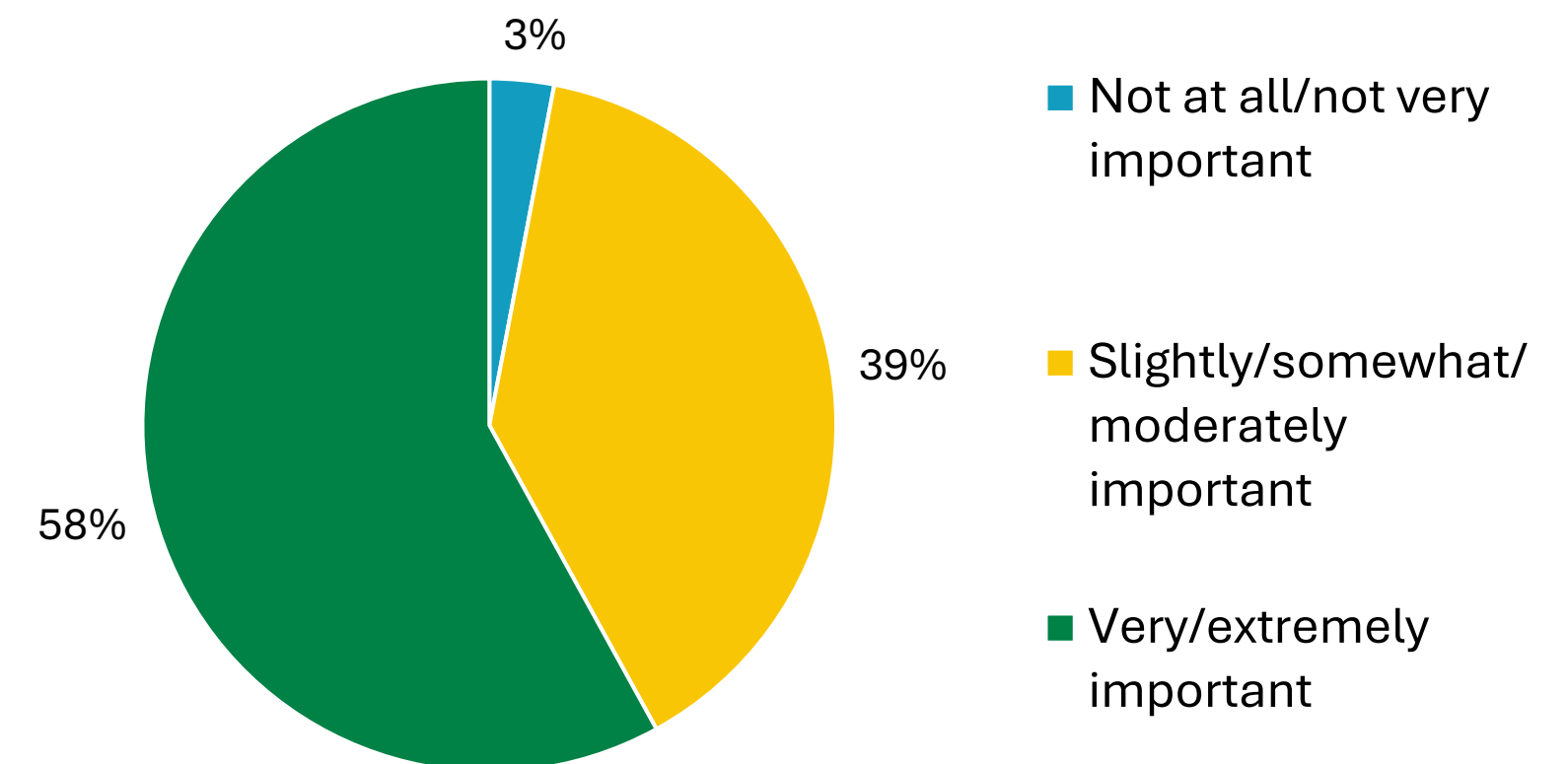


# Employers Are Favorable on Current Experience; Expect it to Remain Competitive

How does the digital experience with administering your company's insurance benefits compare to your experience with other companies?

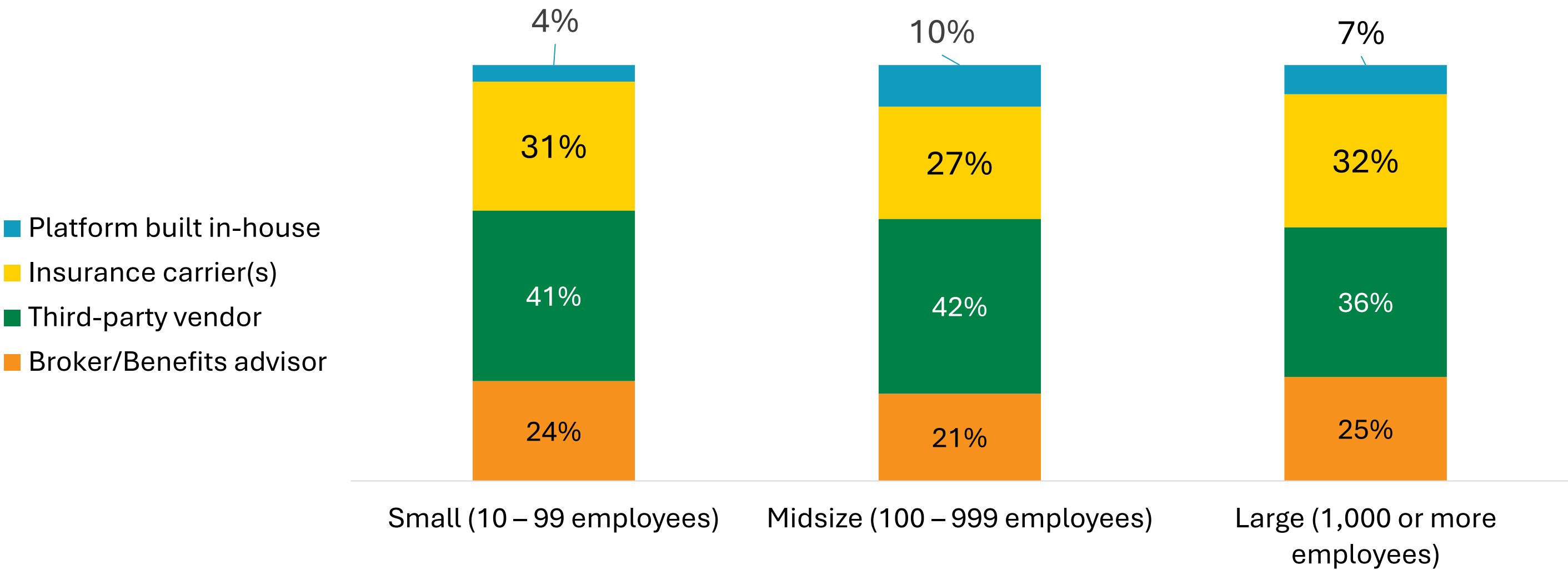


How important is it for the digital experience you have with administering your company's insurance benefits to match your experience with other companies?



# Third-Party Vendors Were Selected as Best Positioned Across All Market Segments

Which of the following do you feel is best positioned to provide the most important benefits technology for your company's insurance benefits program?

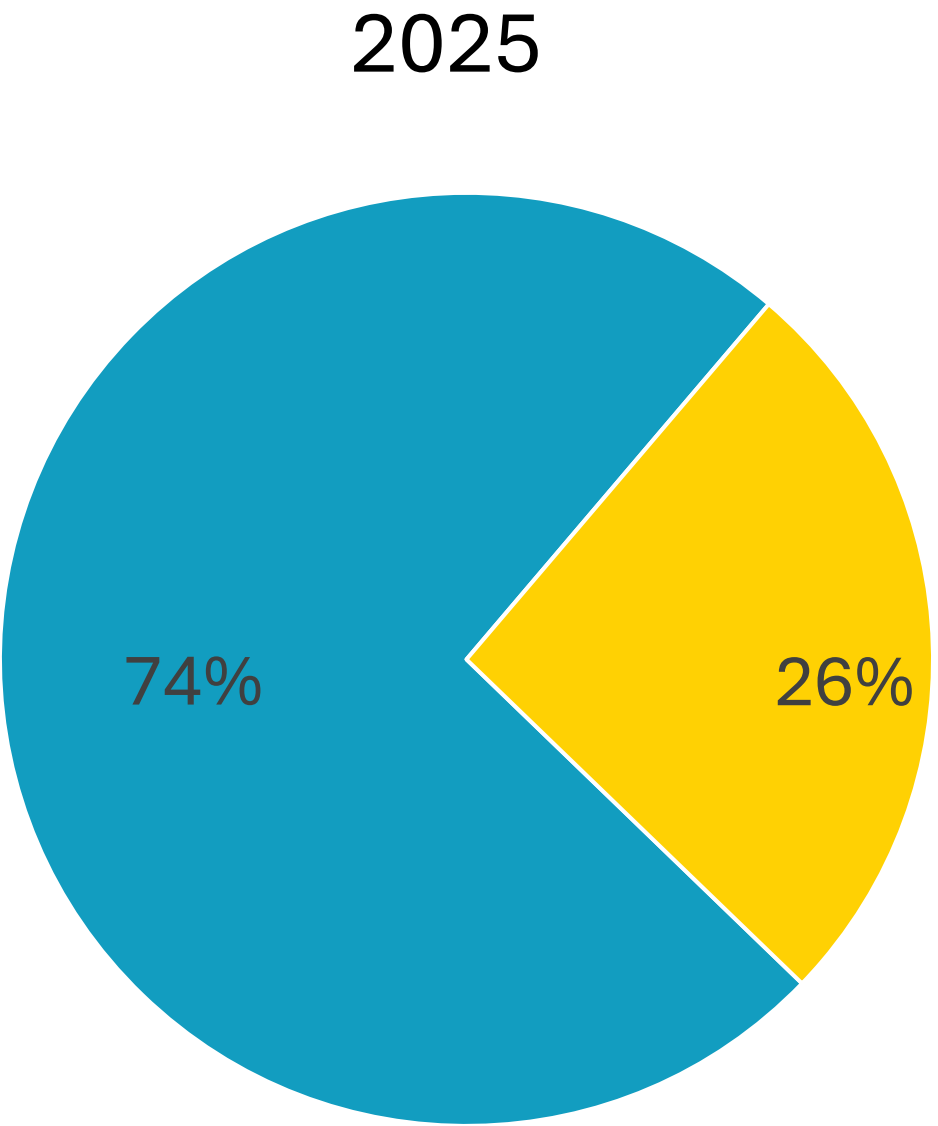
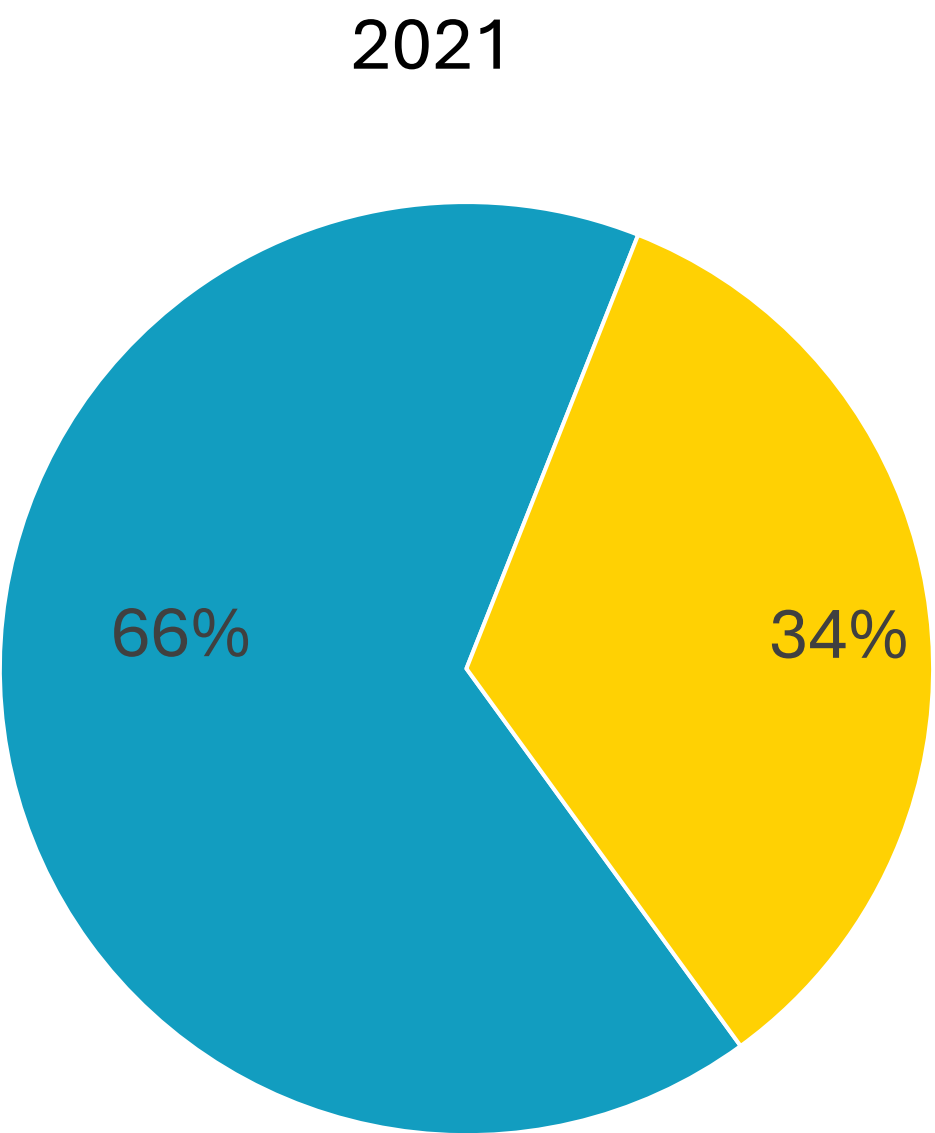


Source: *Harnessing Growth in Workforce Benefits: The Next Horizon*, LIMRA and EY, 2025.

# The Growing Importance of BenTech and Connected Experiences Is Increasing

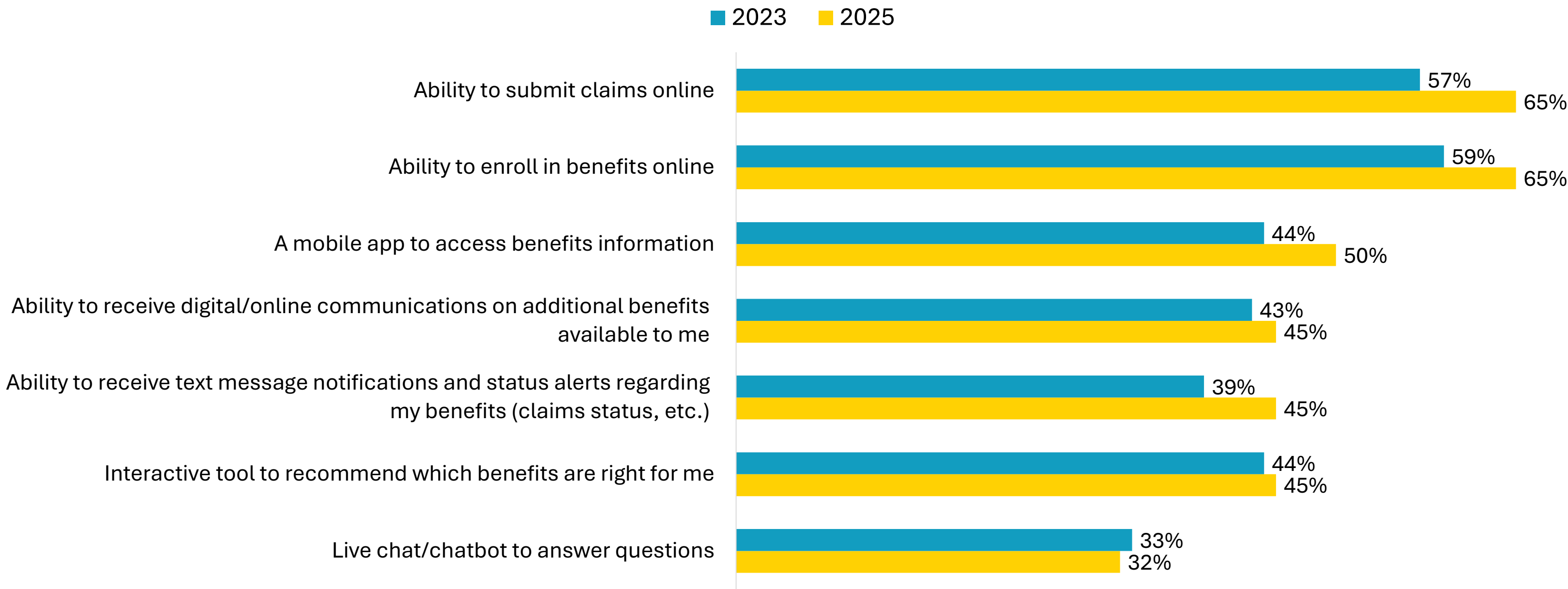
## Which Would You Prefer?

- A carrier that works well with your benefit technology platform, even if their product is a little more expensive
- A carrier with the best value product, even if it does not work well with your benefit technology platform



# Employee Interest and Expectation in Digital Capabilities Continues to Increase

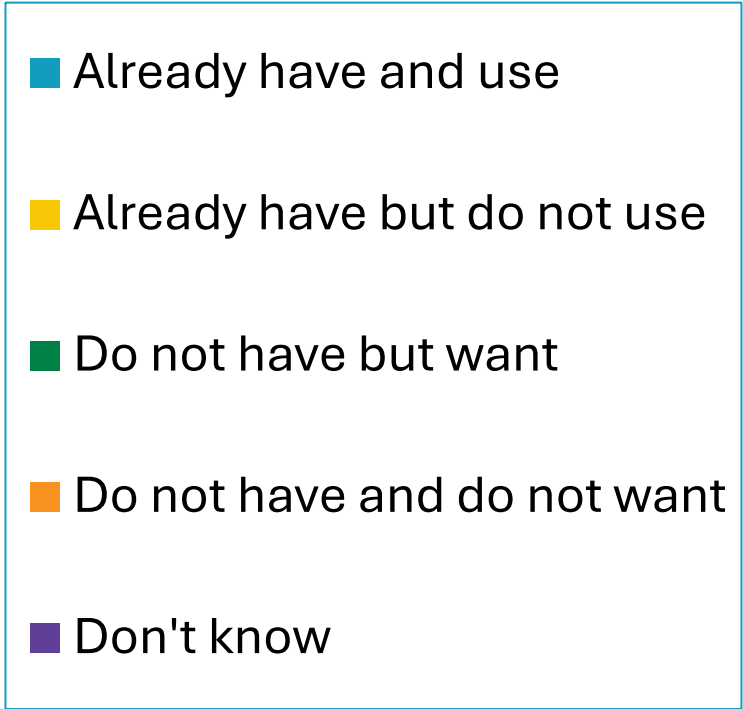
How important is it to have the following digital/online capabilities available to you?



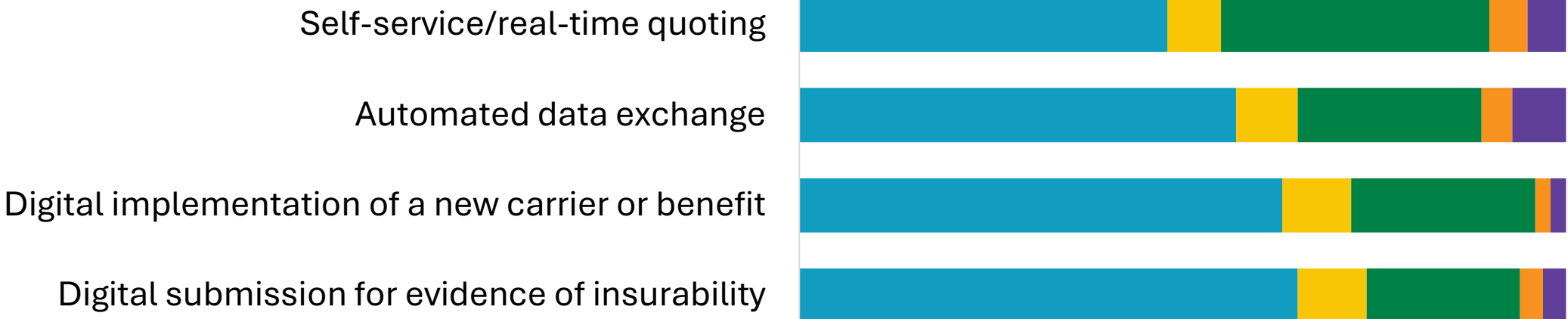
Data represents the percentage of respondents reporting importance as "very much"

Source: *Harnessing Growth in Workforce Benefits: The Next Horizon*, LIMRA and EY, 2025.

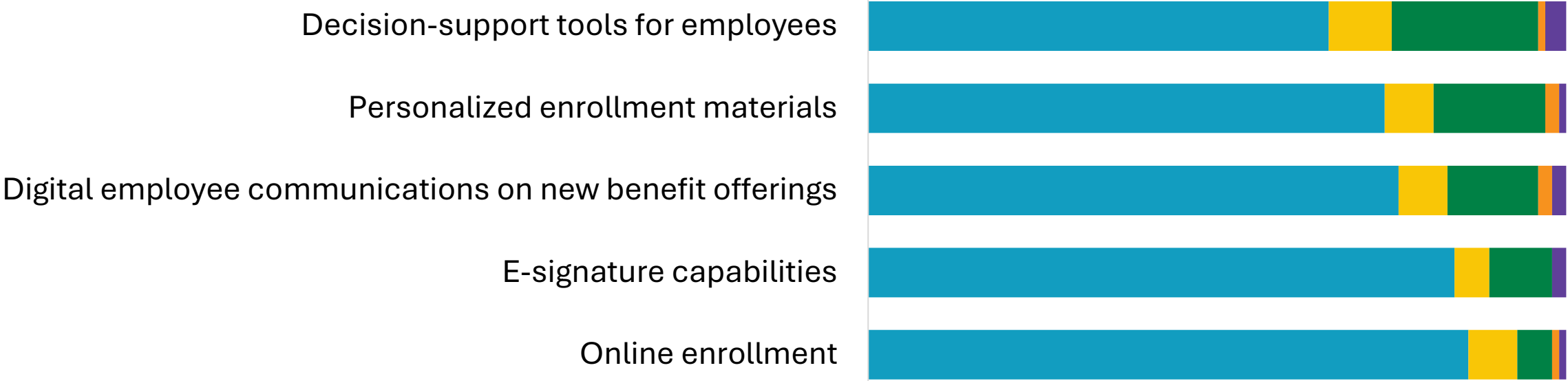
# Digital Misalignment More Prevalent in Quote and Implementation



## Quote and Implementation

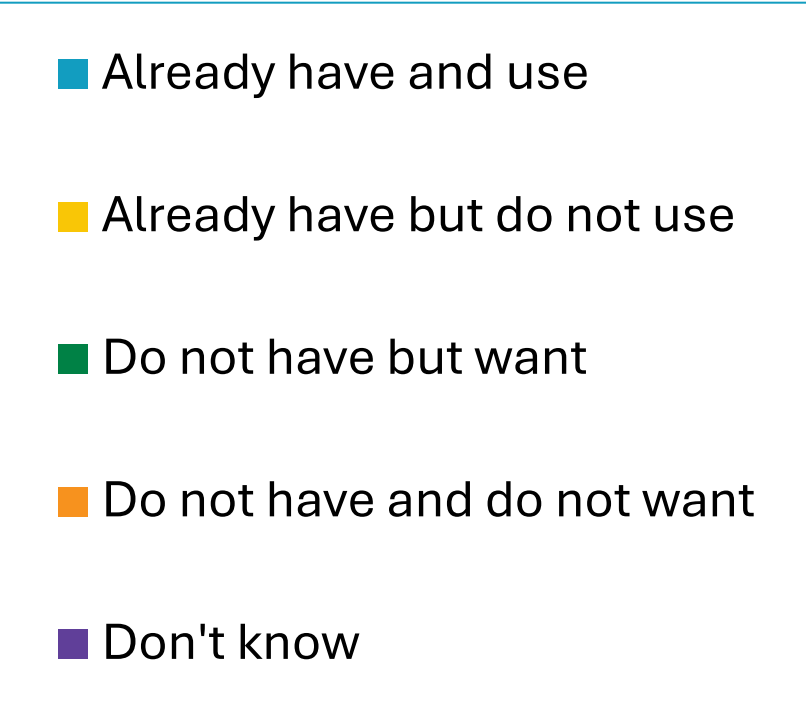


## Enrollment

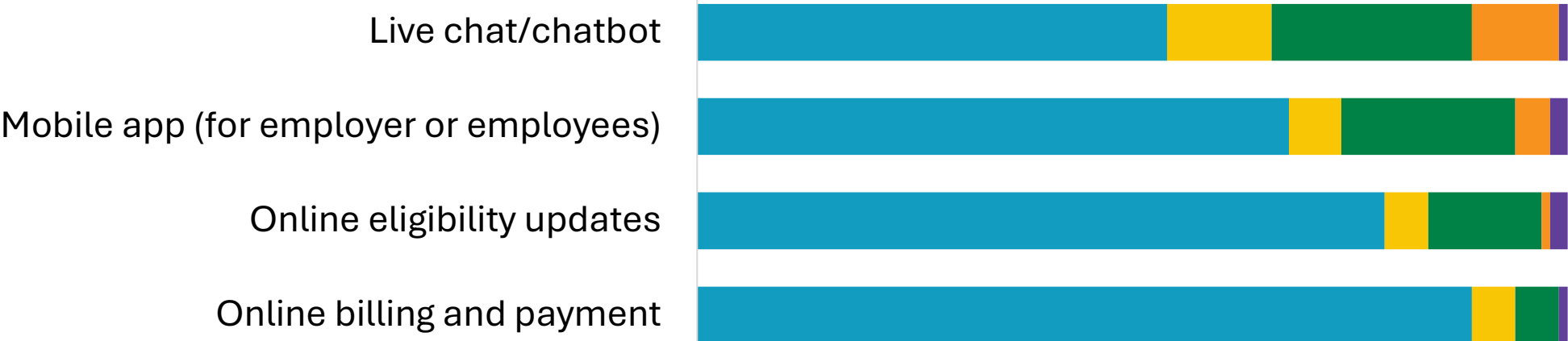




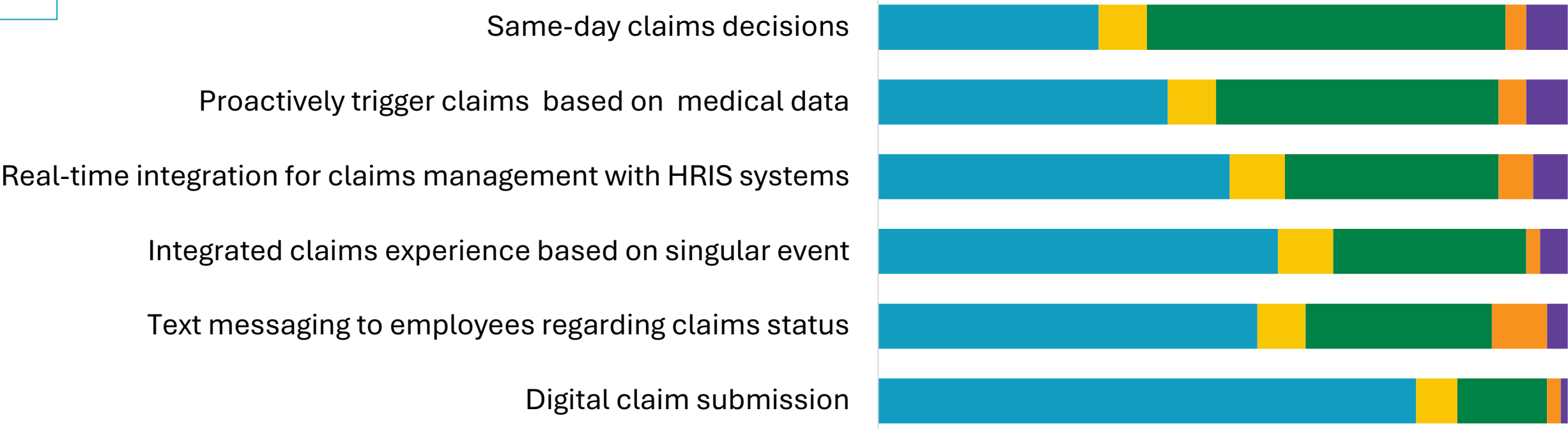
# Four of the Five Biggest Capability Gaps Exist in the Claims Function



## Ongoing Service



## Claims

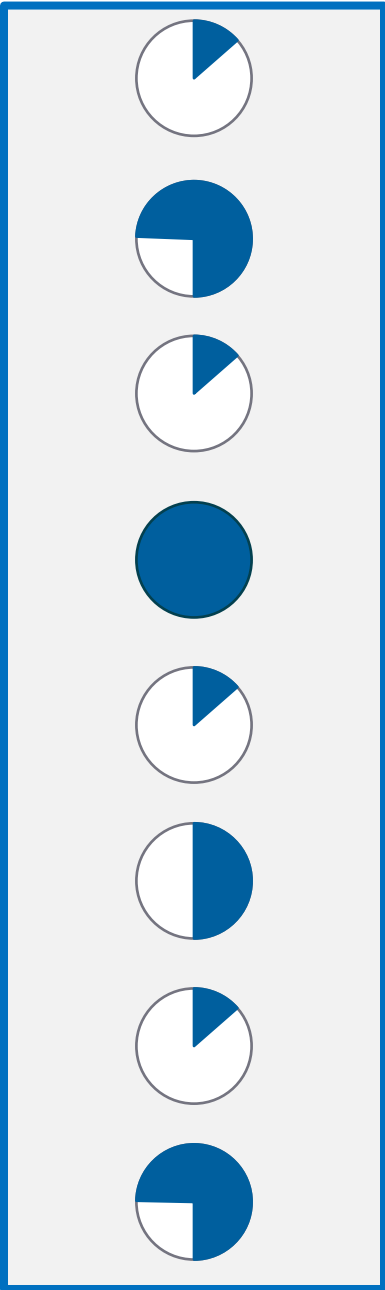


Digital claim submission

# Majority of Brokers Believe AI Will Drive Disruption, but in Targeted Areas

What functions do you believe will have the greatest impact from Artificial Intelligence?

- Sales & Distribution
- Underwriting
- Implementation
- Enrollment
- Eligibility
- Service
- Billing & Payments
- Claims



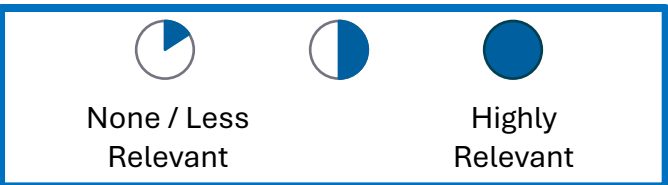
• “Predicting the outcomes will be more precise for the carriers.”

• “Ability to understand the targeted consumer or employee will be a lot easier and quicker.”  
• “Education is going to be helpful in future with AI, but we need to be careful how rolled out.”

• “Chat makes sense, but still important to have option to talk to real person”

• “Segmenting and accuracy will increase. You have cancer gene. It is going to be dramatic”

EY / LIMRA Perception  
from Interviews



# AI Provides Optimization Opportunities Across the Life Cycle

## 1. Product

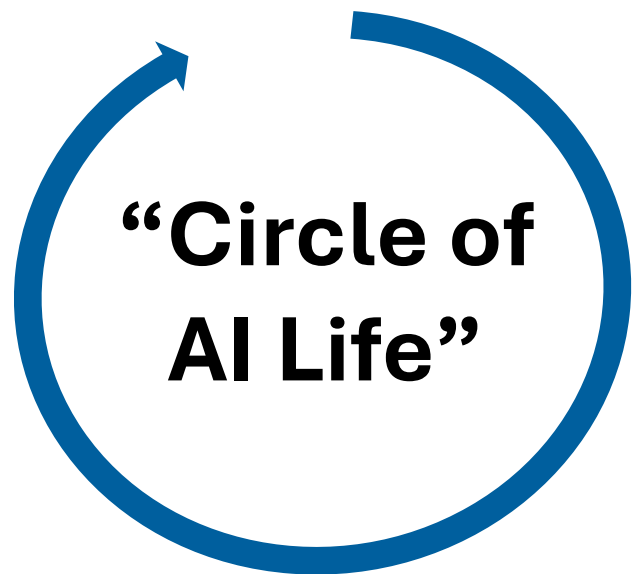
- Offerings designed/priced for micro-segments of workforce
- Ability to quickly create and test next-generation product offerings

## 2. Distribution

- Leverage data-driven bundling capabilities materially improving relevancy for employers
- Tools for employers allowing them to design their own purpose-built benefit program
- Proactive and automated quoting in smaller segments

## 5. Service

- AI-enabled digital agents that provide instant simple answers to complex questions
- Real-time adjudication for 90%+ of claims



## 3. Education

- Immersive experiences focused on demystifying benefit offerings
- Deeper insight into the unique value created across the full "Wheel of Wellness"

## 4. Decision Support

- Tools designed to help workers build custom, generationally relevant benefit packages for their unique needs
- Answers the question, “What do people like me need?”

# Brokers Are Clear That a Single, Integrated Experience Enabled by AI Is the Future

*“Single front door MUST be in place to go for everything. Disconnected experiences like decision support tools will fail in the future.”*

*“Shifting from education to ‘what these benefits can be’ to ‘how do we make this work’ to now ‘what can we do?’”*



Brokers’  
Voices

*“We need to shift the conversation from the basics of claims adjudication to how do you integrate across product portfolios.”*

*“AI will be a part of every vendor’s playbook. It is a part of our playbook. Depending on the entity, our point of view is AI should serve the people who serve consumers, not necessarily be consumer facing.”*

*“I think sometimes employers get excited about products or services. But that’s not really doing anything to help your population and I’m hoping AI helps us take some of that fuzziness away and helps us really fine-tune some of that data.”*

# Actions & Implications for the “Next Horizon”

**Benefits are at the heart of the employee value proposition**

**Mass customization is unsustainable.** Holistic solutions, curated benefits programs, and AI tools for hyper-personalization will win the future.

**Freelance labor grows, so do the growth and innovation opportunities**

**Gig workers are still on their own for benefits,** but changes in product design and eligibility and a purpose-built marketplace can unlock new possibilities as freelance talent becomes more critical to employers in the future.

**Wellness benefits are becoming a “Must Have”**

**Generational bundles and connected experiences are key** to unlocking value and satisfying workers with diverse needs. The Wheel is Real!

**The continued transition to Strategic Advisors**

**Broker onboarding is at a critical tipping point and consolidation has unintended consequences.** Localized innovation is key to broker relevancy & differentiation and GA’s likely to dominate the underserved down market

**Absence / Leave management is a burning platform**

**Absence / leave “mis”management is emerging** caused by rapidly expanding regulation creates significant opportunity reliable, scalable plug-and-play solutions.

**Stakeholders must digitize or be disrupted.**

**Claims journeys are the priority for further digitization and AI very much still in “exploratory mode,”** firms will continue with a “crawl, walk, run” approach.



# Thank You

