



# LinkedIn Live Harnessing Growth in Workforce Benefits



# Harnessing Growth in Workforce Benefits



**Chris Morbelli**  
Principal – Life and Group Transformation  
Ernst & Young LLP



**Patrick Leary**  
Corporate Vice President  
LIMRA and LOMA

# Harnessing Growth in Workforce Benefits (2021)

Harnessing growth and  
seizing opportunity:  
the future of workforce benefits

- What are the next series of **unmet needs** for employees that can be addressed as potential white space for growth?
- How will the workplace benefits **distribution landscape** change over the next three to five years?
- How will the **third-party landscape** evolve, and what must carriers do to remain relevant and competitive?
- What will be required of **technology** to address these needs to enable profitable growth?
- How do these needs and trends **differ** across employer size segments?

# Our Research Refresh Approach

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

2023 Research Refresh Focus

Broker

Employer

Employee

Technology provider

# Since We Published Our Findings

## 2023 Research Refresh Focus

### PANDEMIC

- ▶ Life in general is normalizing
- ▶ The work environment is stabilizing
- ▶ Hybrid work arrangements becoming mainstream

### DEMOGRAPHIC

- ▶ Millennials are becoming the dominant segment
- ▶ Gen Z is beginning to exert influence
- ▶ Workers retiring later in life

### ECONOMIC

- ▶ Interest rates continue to rise
- ▶ Inflation becoming a bigger problem
- ▶ Recession is possible and maybe likely

### IMPLICATIONS

COVID changes are sticking, and “new norm” has emerged



Millennials and Gen Z are now the majority



Technology holds key to personalization and harnessing growth

# Five Years Into The Future: Key Predictions



## Megatrend

A more heterogeneous and fluid workforce changes what, why and how benefits are offered.

## Refresh Finding

A more heterogeneous, fluid and virtualized workforce is here to stay and rapidly expanding!

## 5 Year Prediction

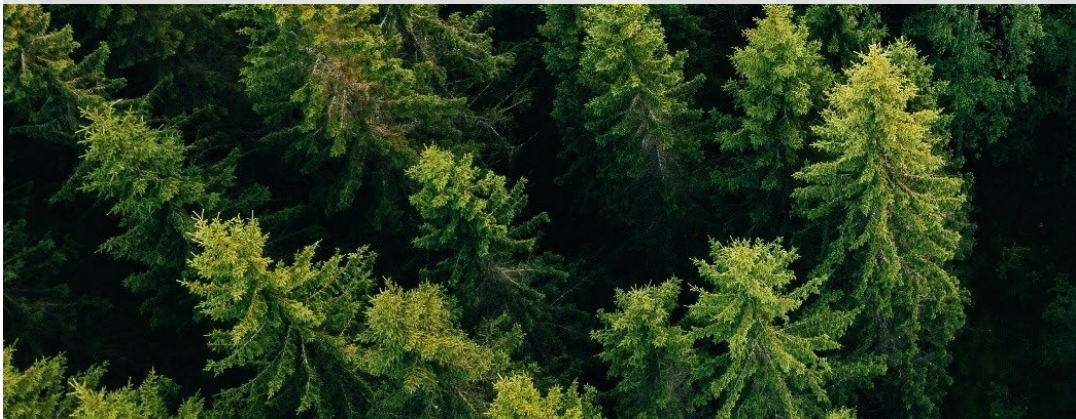
**Fewer than 50% of workers are traditional employees in the workplace.**  
The robust gig economy and the “great resignation” redefine the workforce and nature of work.

# The Target Workforce Is Multigenerational

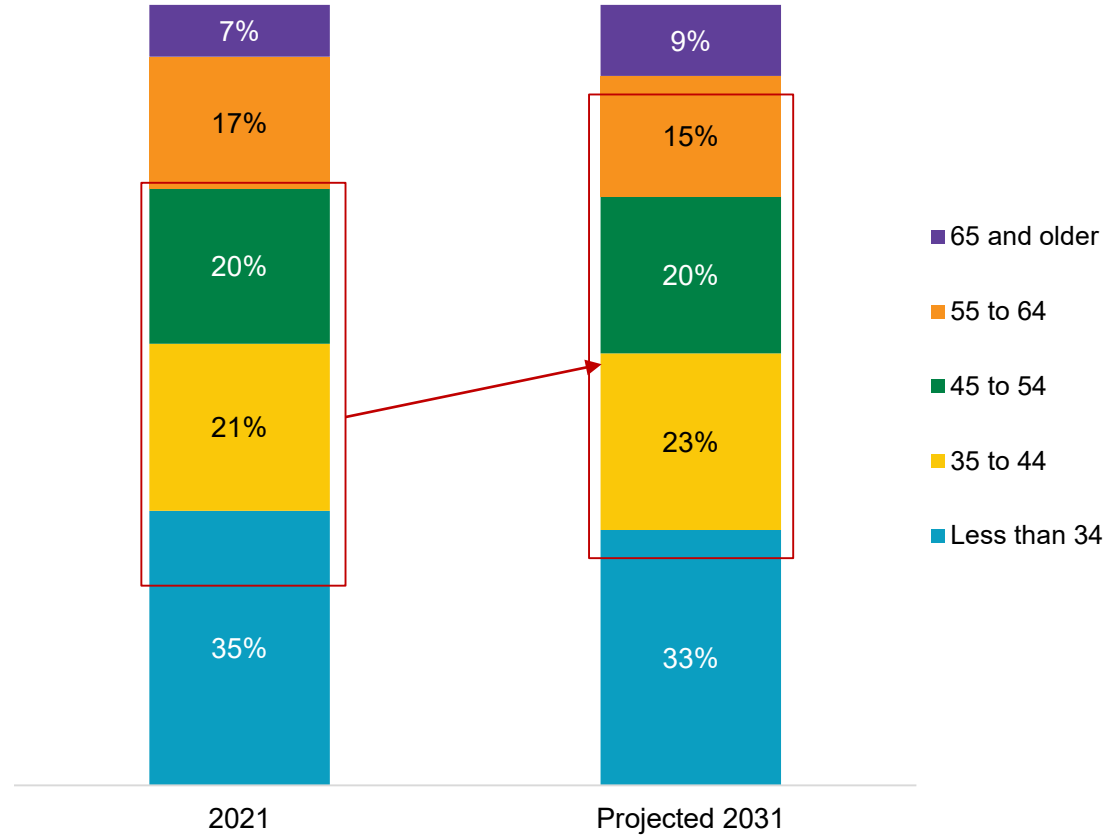


## Key Finding

Gen Z and Millennials currently account for more than 50% of the workforce and by 2031 will comprise more than 60% of the workforce and workforce benefits customer base.



## Percent distribution of the labor force



Source: <https://www.bls.gov/emp/graphics/labor-force-share-by-age-group.htm>

# Use of Independent Contractors Is Growing



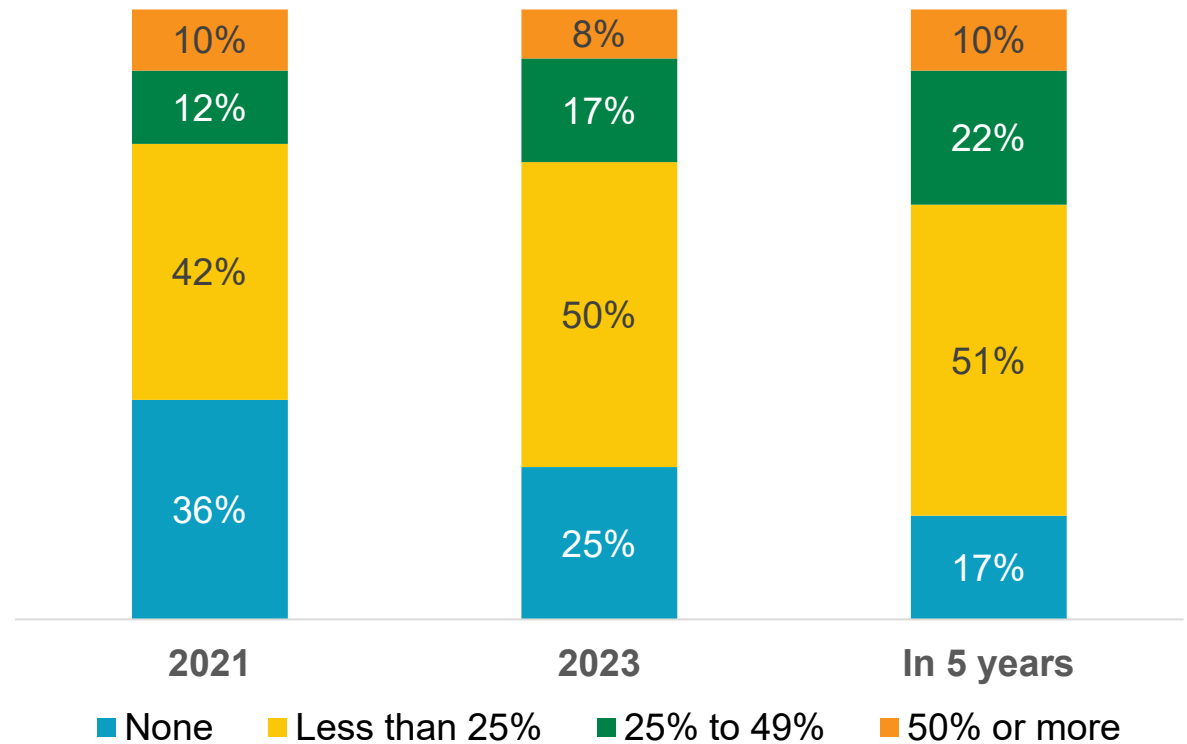
## Key Finding

New types of workers are continuing to emerge, driving changes to product definition, eligibility, and offerings.



What percent of your company's workers are currently contract or freelance workers?

In five years, what percent of your company's workers will be contract/freelance workers?



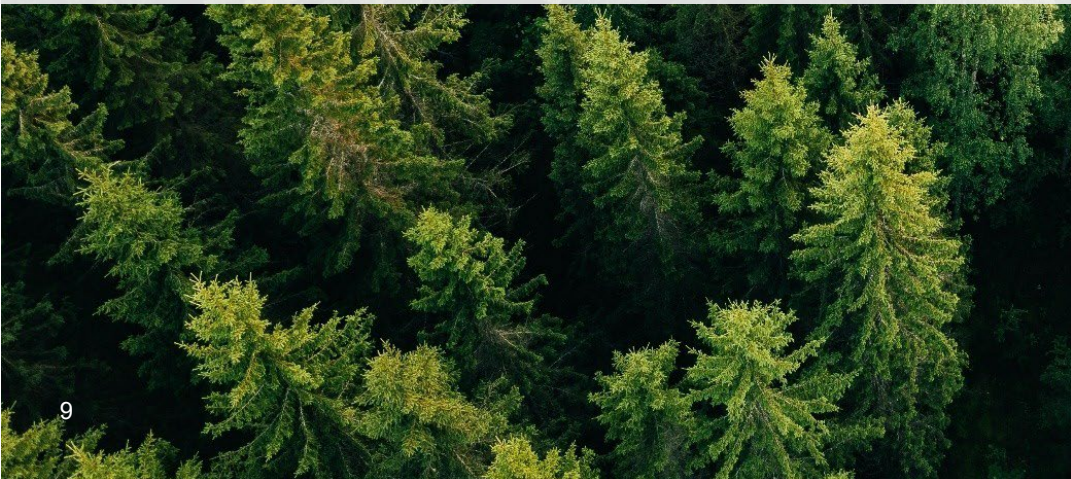


# The Gig Economy Is Growing



## Key Finding

In five years, up to 29% of the workforce may rely on gig work as their primary source of income.

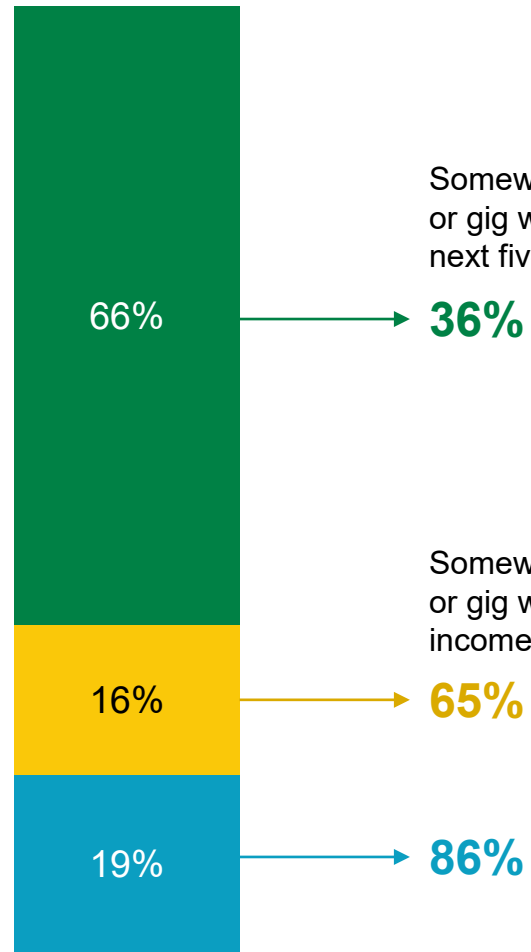


Which of the following best describes your participation in alternative work arrangements?

■ I do not freelance nor have a gig job(s)

■ I freelance or have a gig job(s), in addition to a traditional full-time or part-time job

■ I freelance or have a gig job(s), and it is my primary source(s) of income



Somewhat/very likely that freelance or gig work will be pursued in the next five years?

Somewhat/very likely that freelance or gig work will be primary source of income five years from now?

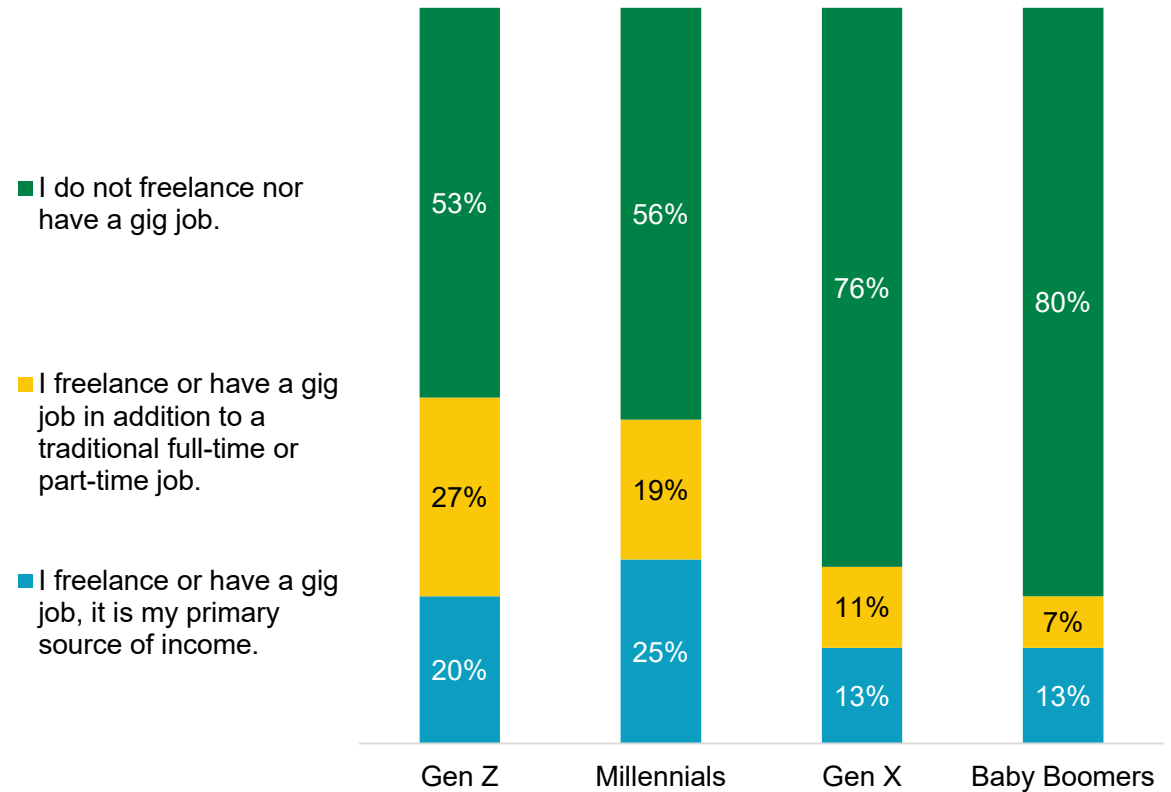
All workers

# Younger Workers Are Powering The Gig Economy

## Key Finding

Younger workers are more likely to participate in the gig economy, leaving a significant group of workers at risk for lack of coverage.

Some workers pursue freelance or 'gig' work. Which of the following best describes your participation in this type of work arrangement?



# Five Years Into The Future: Key Predictions

## Megatrend

Expanded benefits are key to meeting post-COVID needs and winning the war for talent.

## Refresh Finding

Benefit needs are expanding, differ dramatically by generation and are critical in the continued competition for talent.

## 5 Year Prediction

**The non-medical benefits market grows by 20%.**

New needs and competition for scarce talent drive significant expansion of workforce benefits.

# Benefit Needs Continue to Expand: Five Dimensions

## Wellness Dimensions

**Physical:** products and services to help me maintain a healthy body

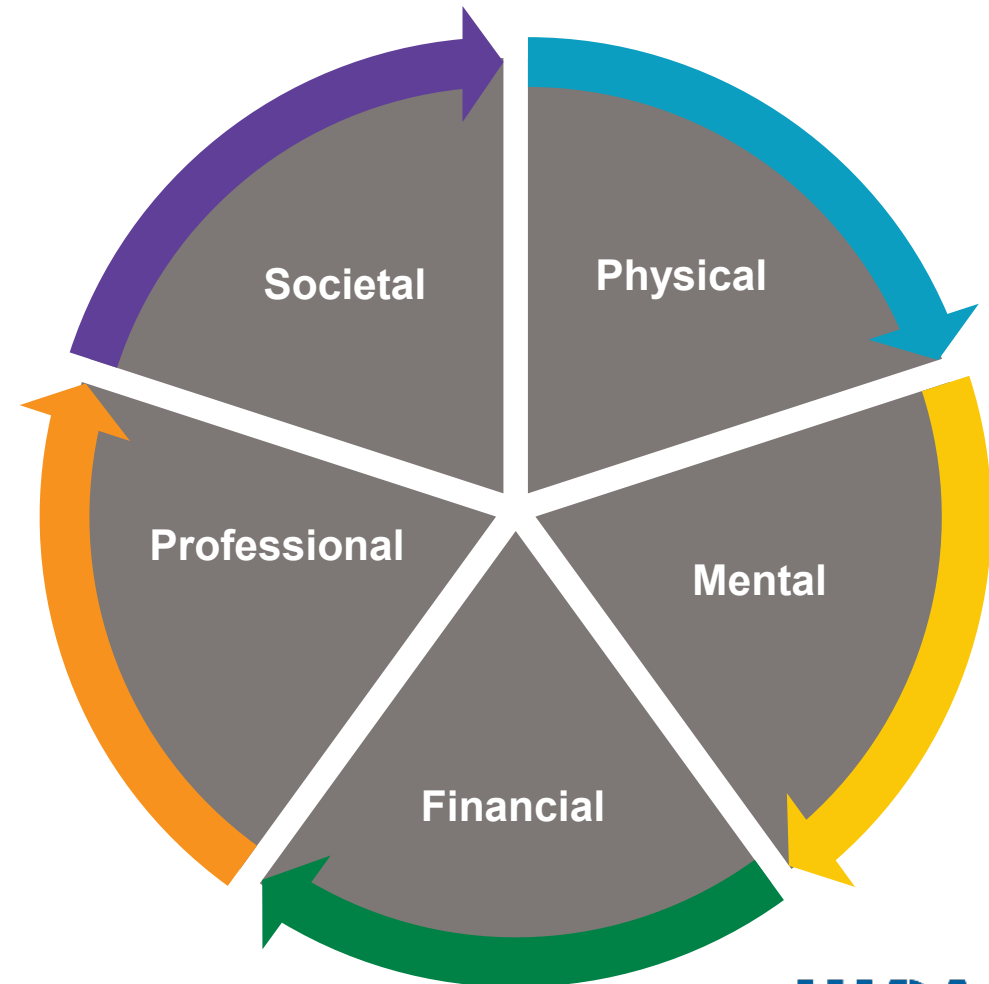
**Mental:** offerings focused on my mental and emotional strength and resilience

**Financial:** offerings to ensure my economic security and resiliency

**Professional:** resources and tools to help me do my job better and grow my career

**Societal:** opportunities to give time or money to my community or broader society

## “The Wheel of Wellness”

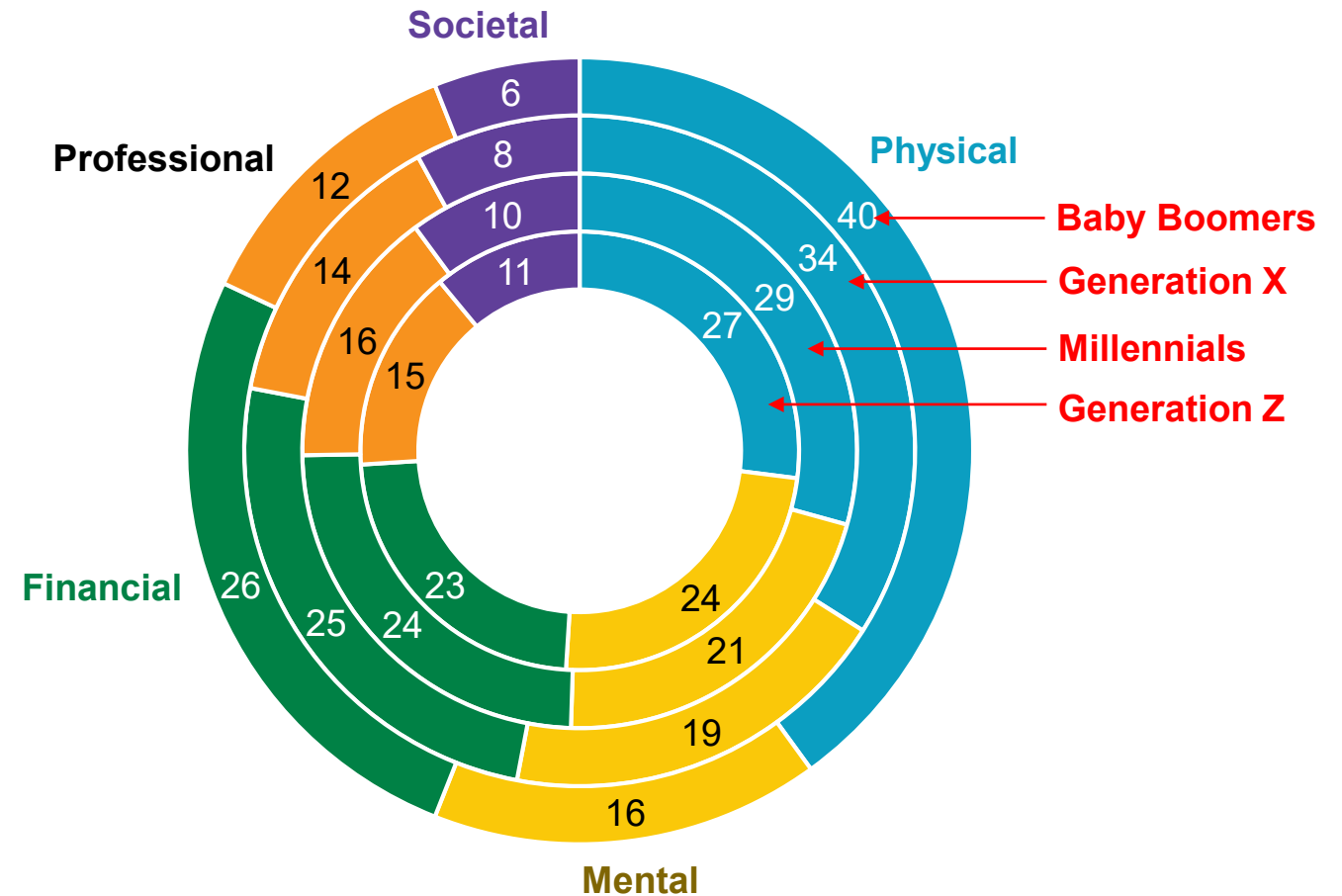


# The Wheel of Wellness by Generation

## Key Findings

- As workers age, the importance of physical wellbeing increases substantially and mental wellbeing declines substantially.
- There is not a large variance across generations regarding financial and professional wellness.
- Younger generations place much higher priority on societal wellness.
- Older generations place significantly higher priority on healthcare (physical) than younger generations.

## The Wheel of Wellness by Generation



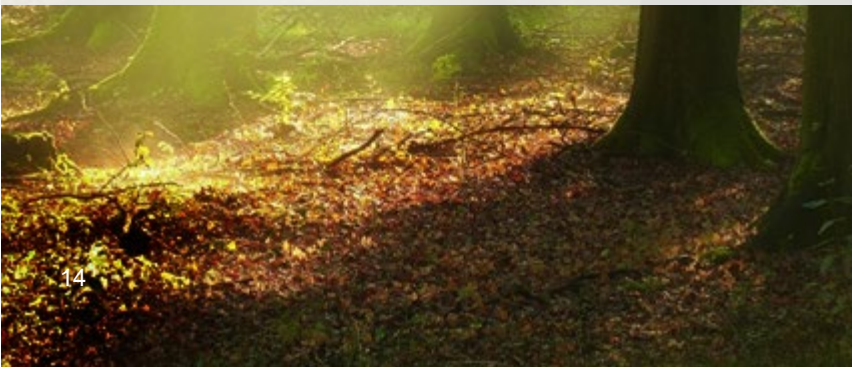
Employees were asked how they would allocate 100 points among the categories to indicate the importance they place on each type of benefit.

# Benefits Needs: Employee Perspective

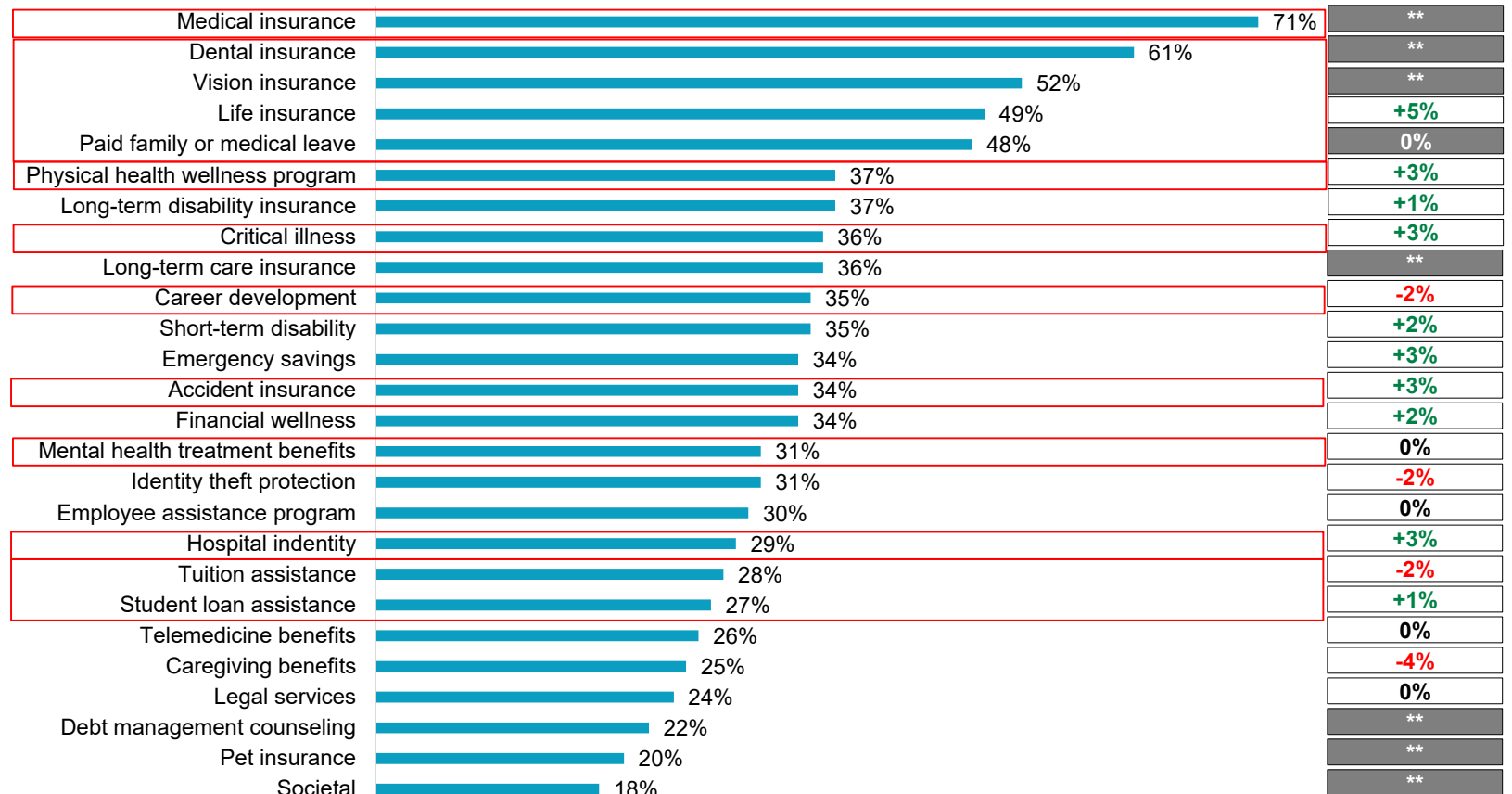


## Key Findings

As workers think beyond the pandemic, desired and more holistic benefits are "sticking" indicating a clear prioritization of workforce benefits in what workers look for from an employer.



## How interested would you be in having your employer offer these benefits in the future?



Change from 2021

\*Percent of employees who will be "extremely" or "very" interested in the benefit.

\*\*Not measured in 2021 survey

# Cross-Generational Needs Are Highly Heterogeneous

## Key Findings

**Physical health:** older generations place highest value on physical health

**Mental health:** younger generation values mental health benefits more

**Financial wellness:** equal amount of value across generations, but underlying needs differ based on life stage

**Professional development:** early in their careers, younger generation values support in career development

**Societal:** younger generations are more passionate about the common good

Product	Gen Z	Millennials	Gen X	Baby Boomers
Medical insurance	53%	70%	78%	79%
Dental insurance	47%	60%	66%	64%
Vision insurance	40%	49%	57%	57%
Life insurance	46%	53%	51%	42%
Paid family or medical leave	44%	55%	49%	39%
Long-term disability insurance	32%	36%	42%	36%
Long-term care insurance	31%	38%	37%	36%
Physical health wellness program	39%	44%	31%	29%
Critical illness				
Short-term disability insurance				
Career development	38%	46%	32%	18%
Financial wellness program	34%	44%	32%	14%
Accident insurance				
Emergency savings				
Mental health treatment benefits	40%	39%	27%	14%
Identity theft protection				
Employee assistance program				
Hospital indemnity				
Tuition assistance				
<b>Student loan assistance</b>	40%	36%	21%	5%
Telemedicine benefits				
Caregiving benefits				
Legal services				
Debt management counseling				
Pet insurance				
Societal	25%	24%	14%	4%

Critical	High
Medium	Low

# Cross-Generational Needs Are Highly Heterogeneous

## Key Findings

**Physical health:** older generations place highest value on physical health

**Mental health:** younger generation values mental health benefits more

**Financial wellness:** equal amount of value across generations, but underlying needs differ based on life stage

**Professional development:** early in their careers, younger generation values support in career development

**Societal:** younger generations are more passionate about the common good

Product	Gen Z	Millennials	Gen X	Baby Boomers
Medical insurance	53%	70%	78%	79%
Dental insurance	47%	60%	66%	64%
Vision insurance	40%	49%	57%	57%
Life insurance	46%	53%	51%	42%
Paid family or medical leave	44%	55%	49%	39%
Long-term disability insurance	32%	36%	42%	36%
Long-term care insurance	31%	38%	37%	36%
Physical health wellness program	39%	44%	31%	29%
Critical illness	35%	37%	36%	36%
Short-term disability insurance	27%	34%	39%	35%
Career development	38%	46%	32%	18%
Financial wellness program	34%	44%	32%	14%
Accident insurance	36%	37%	32%	24%
Emergency savings	36%	45%	30%	19%
Mental health treatment benefits	40%	39%	27%	14%
Identity theft protection	32%	37%	26%	24%
Employee assistance program	28%	40%	28%	13%
Hospital indemnity	30%	31%	29%	25%
Tuition assistance	37%	36%	23%	10%
Student loan assistance	40%	36%	21%	5%
Telemedicine benefits	24%	35%	25%	12%
Caregiving benefits	25%	32%	24%	14%
Legal services	27%	30%	19%	13%
Debt management counseling	25%	30%	19%	7%
Pet insurance	28%	26%	17%	6%
Societal	25%	24%	14%	4%

Critical	High
Medium	Low



# Five Years Into The Future: Key Predictions

## Megatrend

As digital transformation accelerates, the industry is ready for a fully integrated, data driven ecosystem.

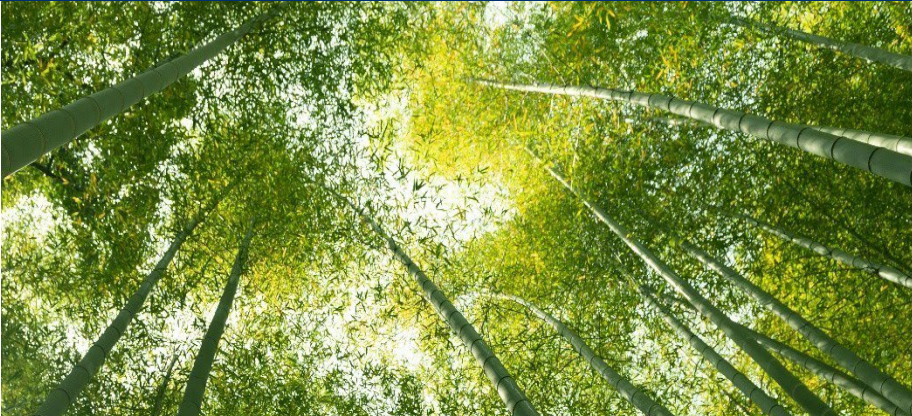
## Refresh Finding

Digitization is critical to align benefits delivery with employer and consumer generational preferences to maximize value per dollar from benefits programs.

## 5 Year Prediction

**Digital capabilities and intuitive, tech-enabled service experiences become top criteria for carrier selection.**  
Digital will dominate every aspect of workforce benefits in the future, which will raise the bar on ease of use and quality service experiences.

# Cross-Generational Needs Are Highly Heterogeneous

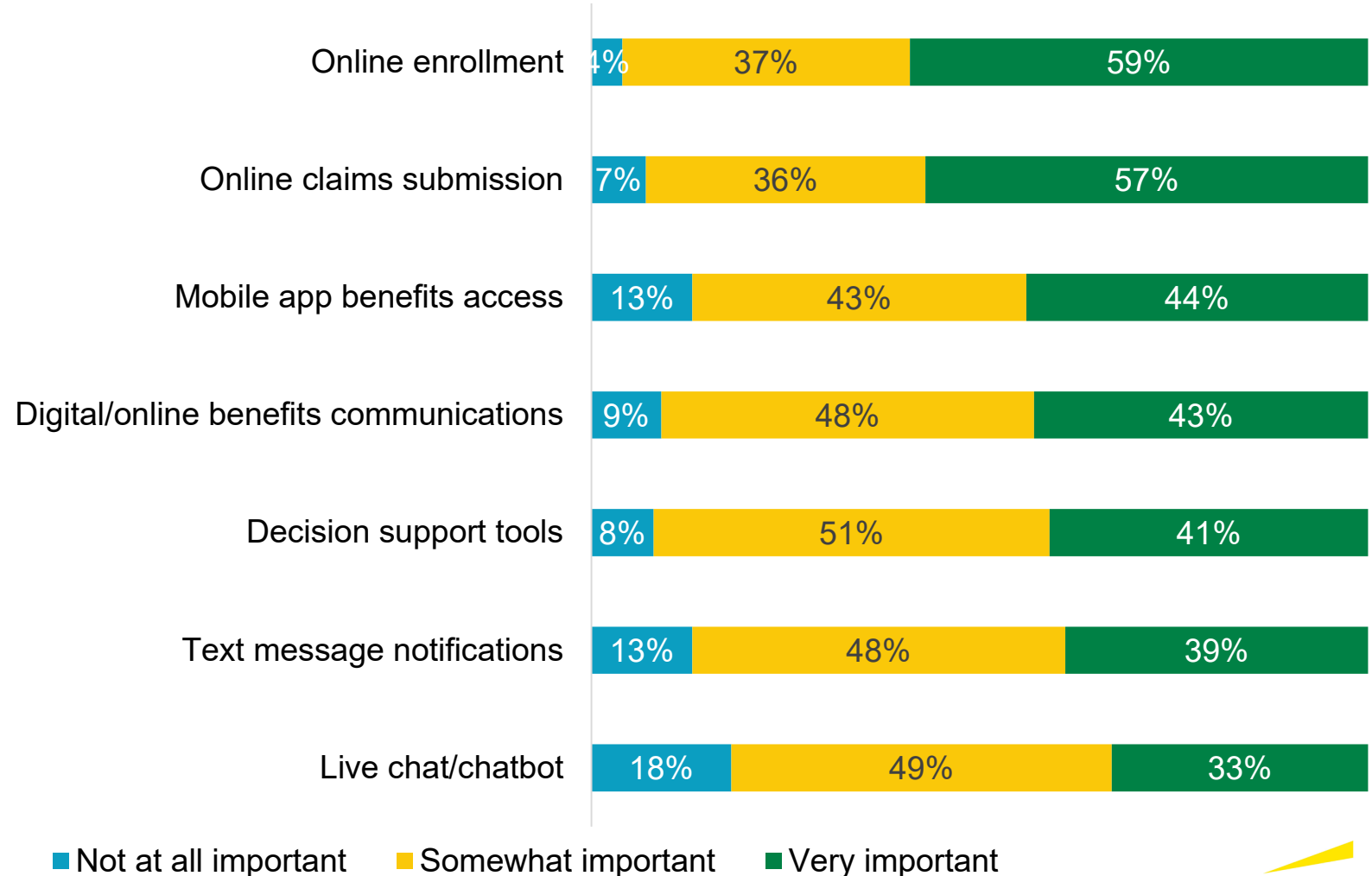


## Key Findings

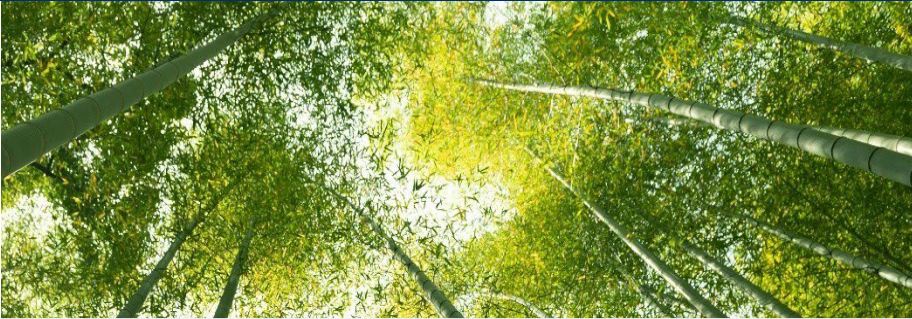
Ninety percent of employees stated that they place value on digital experiences across the shop, buy, and use life cycles to create personalized experiences.



## Employee preference for digital services



# Access and Desire for Digital Services: Employer



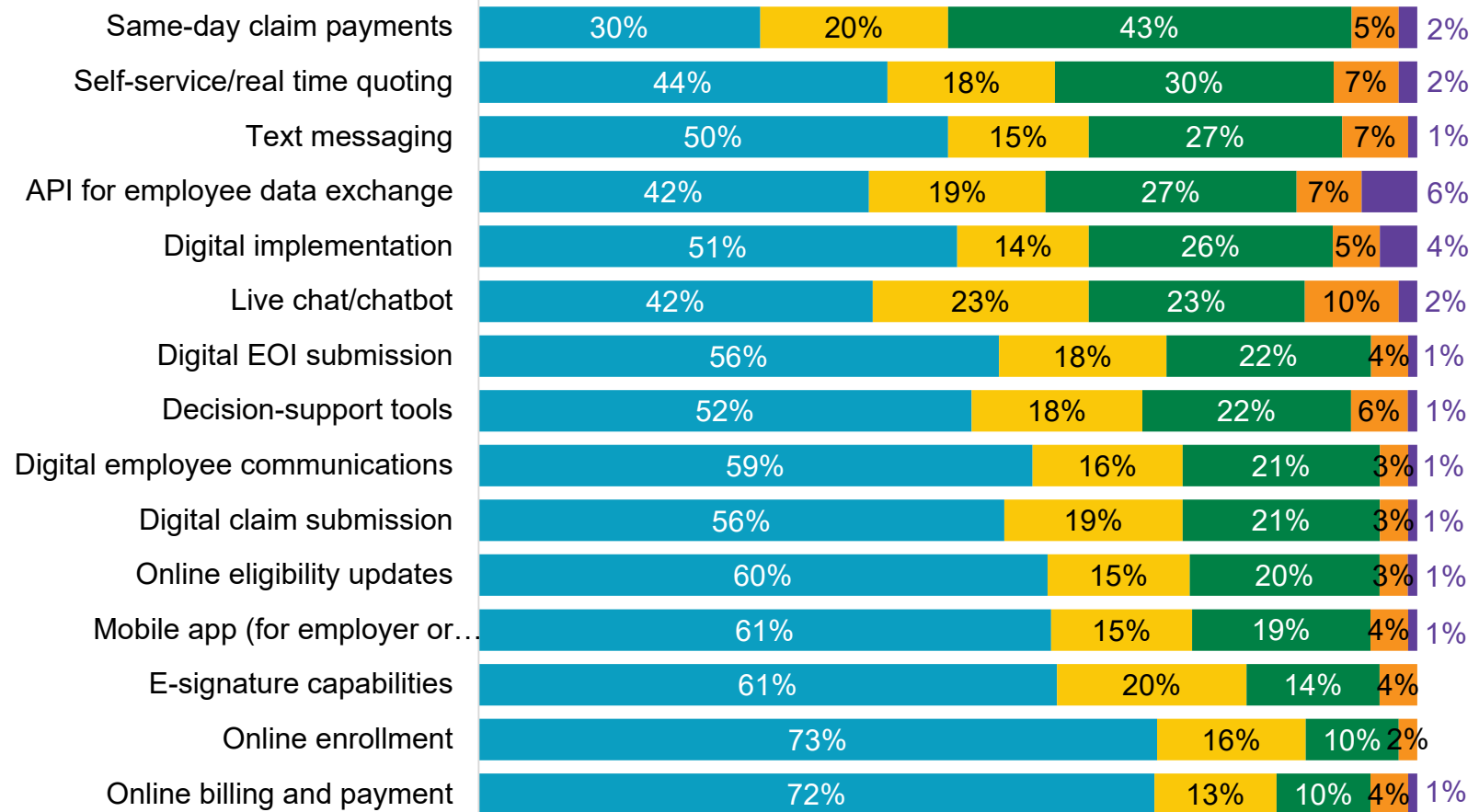
## Key Findings

### Top five unmet needs for digital experiences cited:

- Same day claim payments (43 percent)
- Self-service quoting (30 percent)
- Text messaging (27 percent)
- API for data exchange (27 percent)
- Digital onboarding (26 percent)



## Importance of Digital Services (Employer)



- Have and use
- Have; do not use
- Don't have but want
- Don't have; don't want
- Don't know

# Summary

A more heterogeneous, fluid and virtualized workforce is here to stay and rapidly expanding!

Benefit needs are expanding, differ dramatically by generation, and are critical in the continued competition for talent.

Digitization is critical to align benefits delivery with employer and consumer generational preferences to maximize value per dollar from benefits programs.

# Thank You

