



insights from
the experts



US Benefits Trend Report 2024

**Voluntary
Benefits** Trends



Table of Contents

Voluntary Benefits.....2

 Opportunity in a Challenging Environment 2

 High Deductibles and the Modern Worker 8

 Benefits that Fit..... 18

About the Data..... 19

About the Experts20

Opportunity in a Challenging Environment

Voluntary benefits are becoming an integral component of a comprehensive employee benefits offering. In the midst of ongoing economic concerns, many organizations are searching for ways to continue to provide quality coverage options without significantly increasing costs. As NFP survey data indicates, with few employers planning to make cuts to benefits, compensation or staffing levels in the coming year, supplemental benefits will likely play a more significant role in strategy than they have in the recent past.

Considering the financial stress employees are feeling, strategic voluntary benefits further present affordable income protection and risk mitigation vehicles for employees whose household budgets are under pressure. By offering access to financial safeguards designed to provide stability in overwhelming situations, organizations can alleviate pressing worries linked to broader economic troubles and provide employees some much-needed peace of mind.





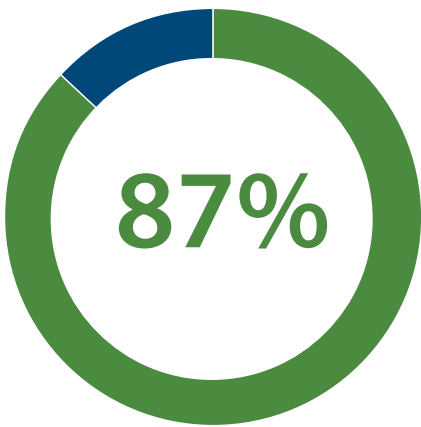
Compensation alone will not guarantee happiness, retention of current employees or recruitment of new talent.

What Employees Want

Given the generational diversity of modern workforces and the growing demand for personalized benefits, enabling employees to choose coverage that goes beyond the fundamentals to address their lifestyle and life stage needs is vital. This becomes more apparent when considering generational needs.

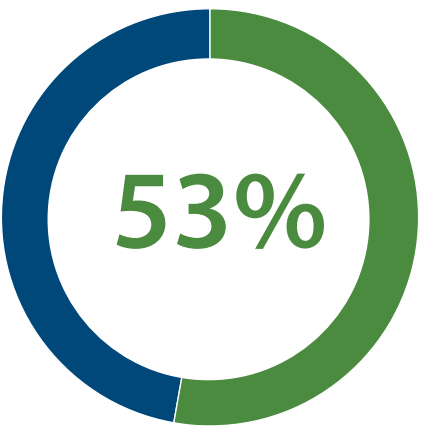
Although Gen Z, millennials, Gen X, and baby boomers can work together within the same organizational culture, their benefit requirements are typically quite different. With a little less than half of employees reporting that their benefit offering does not effectively meet their needs, the opportunity to create a package that resonates across all generations is clearly there for the taking.

Figure 1:



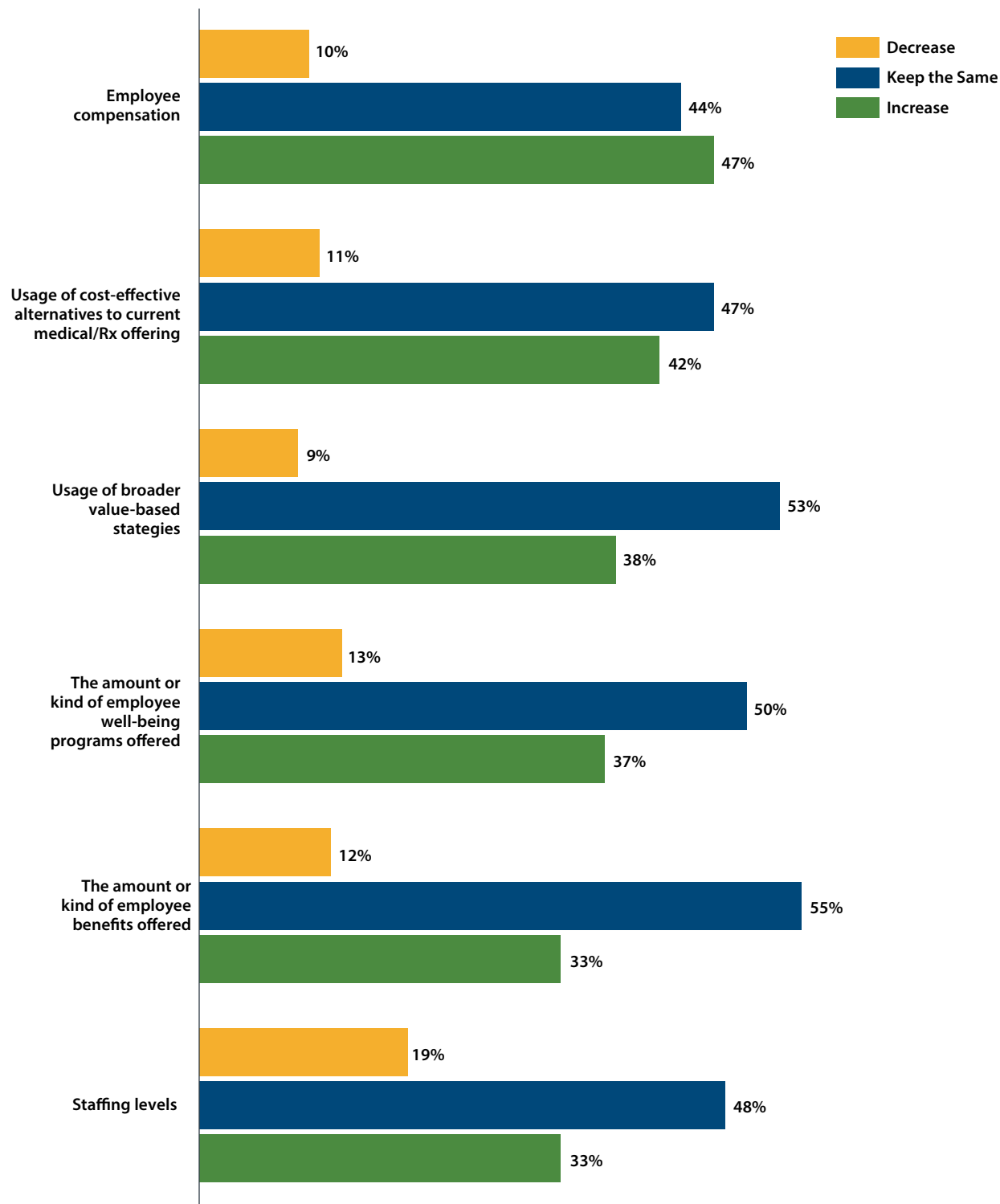
of employers are at least **moderately concerned** about the economy

Figure 2:



of employees are **very or extremely concerned** about the current US economic situation

Figure 3:
Impact of Economic Concerns on Company Plans
Few employers are planning to make cuts to benefits,
compensation or staffing levels due to economic concerns.



In recent years, employees have been more vocal about the types of benefits they want. Obviously, every worker in America would like to get paid more than they currently make, but compensation alone will not guarantee happiness, retention of current employees or recruitment of new talent. Workers are looking for competitive pay, certainly, but they're also demanding benefits that support their physical, social, mental, and financial health.

Employees want benefits that can help alleviate the stress of uncertainty — how to cover an unexpected medical expense or injury requiring significant time off from work, for example. They want help to plan for a safe and smart financial future, one where they can achieve major life goals while providing financial security for their family today and all the way through retirement. They want to know that their employer is invested, and cares about them and their overall well-being. And lastly, they want their entire benefits experience to be seamless, as though they were interacting with social media or ordering a package from Amazon.

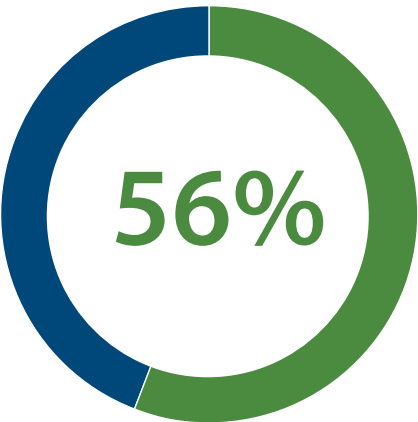
In the end, companies that listen and learn from the evolving priorities of workers will invest in benefits that alleviate stress, help facilitate life goals, and provide peace of mind, regardless of generation. By giving employees

what they're asking for, and keeping that all-important focus on crafting offerings with the end-user experience in mind, companies will better foster satisfied workers who feel cared for, secure and supported, and therefore better suited to deliver bottom-line organizational gains.

Voluntary Benefits Strategy

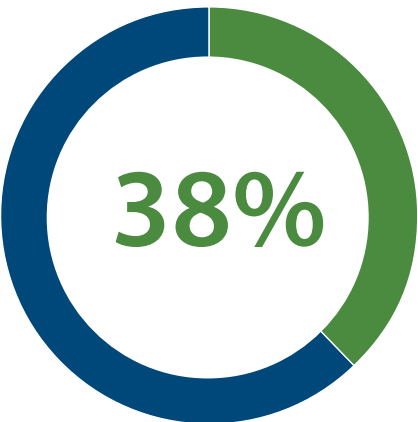
Providing a diverse selection of voluntary benefits can further help manage expenses. Since these options do not involve direct costs for employers, companies can make such in-demand choices available while preserving a reasonable balance of cost-sharing with

Figure 4:



of employees note that **economic concerns** will **impact** their benefits decisions

Figure 5:



of employees feel that **economic concerns** will cause them to choose a **lower cost plan**

staff through employee-paid premiums. As they also share the distinction of being the best way to create customized and personalized offerings for any engaged employee, a robust voluntary benefits package that checks all the boxes is ideal for both the workforce and benefits strategy.

Benefits of Offering Voluntary Benefits

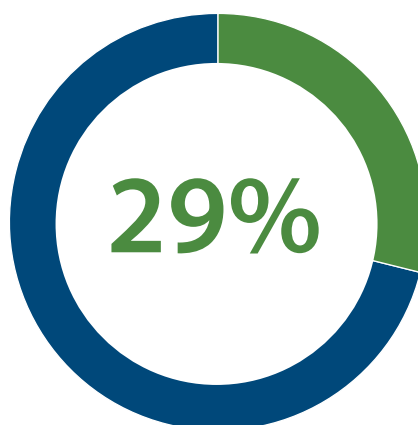
In fact, offering voluntary benefits comes with a number of advantages that impact employees directly. For staff, these options have the potential to promote better health through things like gym memberships, which demonstrate not only that the company cares about worker health and well-being beyond the four walls of the office, but also that it is invested in empowering employees to show up as their best selves each day. Furthermore, supporting fitness can bring colleagues together around shared health goals and progress through vehicles like video conferencing and water cooler conversations.

Voluntary benefits can also alleviate worries by providing coverage for unexpected issues like identity theft. After all, having sensitive personal data like Social Security numbers, credit card accounts or personal health information compromised strikes fear for good reason. Identity theft can not only cause lasting financial hardship if fraudsters exploit stolen information but can also cause deep personal stress and long-lasting distrust.

Employees can also enjoy increased job satisfaction when their benefit plans go beyond the basics to include helpful extras like free legal consultations, unbiased financial planning guidance or access to grief counseling. Having these types of supportive resources to navigate personal matters can provide comfort and much-needed

Figures 6 and 7:

Employees Reporting Benefit Offering Meets their Needs

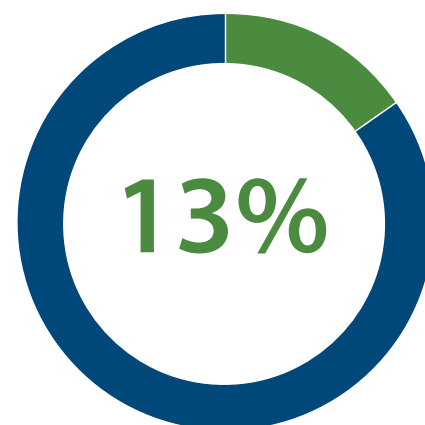


Somewhat

help in times of stress. Additionally, when employees feel that their employer has their back in challenging situations (whether making major financial decisions, working through the loss of a loved one or preventing legal disputes from escalating), they tend to reciprocate with stronger workplace engagement, productivity and loyalty.

Additionally, emphasizing these voluntary protections aids recruiting efforts by demonstrating an organization truly cares about employees' complete well-being, both personally and professionally. Robust voluntary offerings give candidates confidence they'll have useful support systems to grow within and beyond their core role while current staff can appreciate that their lives outside of work are recognized, making them more likely to refer new hires and potentially become brand ambassadors.

Overall, voluntary benefits keep people happily working with peace of mind that they are covered when the unexpected occurs. This leads to greater workplace satisfaction, lowered stress



Not too well or not well at all

and better retention. With the right supplemental benefits, employers facilitate employees who both want to work and are happy in their roles. Investing time and effort into a strategy to get this balance right pays off in the form of mutual benefit. With more empowered, productive and loyal team members, business goals are more readily achievable, and the overall health of the company — revenue growth, debt ratio, customer satisfaction and other performance indicators — can remain strong.

Inherent Customization and Affordability

Voluntary benefits uniquely meet the strategic goals of boosting engagement and retention while controlling costs due to their inherent customization and affordability. Their value stands out staunchly, especially when considering the backdrop of economic uncertainty and a generationally complex workforce with wildly differing needs.

Employers seeking an empowered, stable staff must reevaluate existing

offerings in light of these challenges. By taking inventory of gaps in personalization and piloting new targeted options to address them, companies who invest in adaptive solutions for individual needs will sustain productive cultures and stronger bottom lines regardless of external stressors.

As the workforce continues diversifying, creative supplemental benefits must meet the demand for choice. Organizations filling this demand will be the ones who see the greatest return on investment.



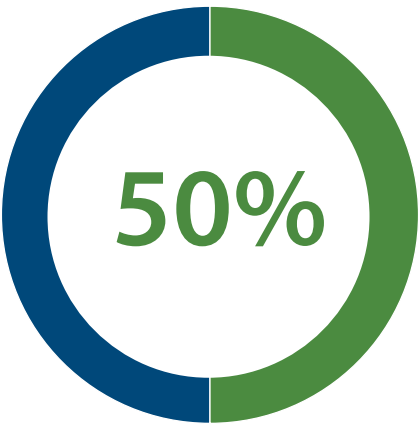
High Deductibles and the Modern Worker

By some estimates, more than half of workers in the US are covered by high-deductible health plans (HDHPs). Although for many employees, HDHPs are certainly the right choice for their coverage needs, for others, the high out-of-pocket costs associated with these plans can make accessing care challenging.

Fortunately, voluntary benefits can work together with an HDHP to offset coverage gaps created by significant out-of-pocket medical

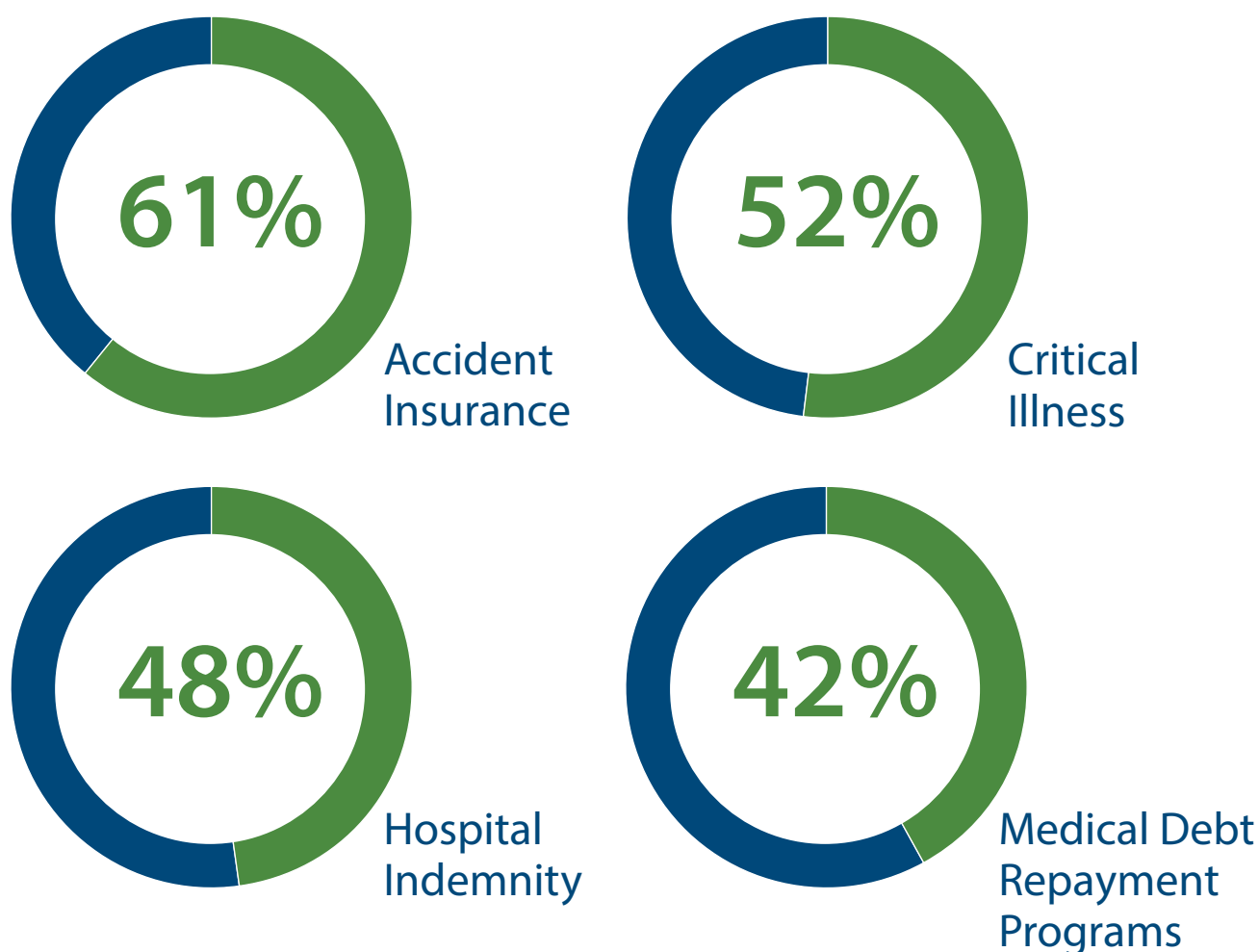
costs. While HDHPs offer affordable premiums, their sky-high deductibles and maximum out-of-pocket expense limits can deter many workers from care, essentially invalidating the point of providing employer-sponsored coverage. Although initially designed to reduce spending and encourage employees to be better consumers of healthcare services and procedures, with ever-increasing pricing from health systems and carriers alike, employees are often locked out of the care they need completely.

Figure 8:



of employees have **\$1,000 or less** in savings for a **catastrophic medical expense**

Figures 9, 10, 11 and 12:
Percentage of Employers that Offer



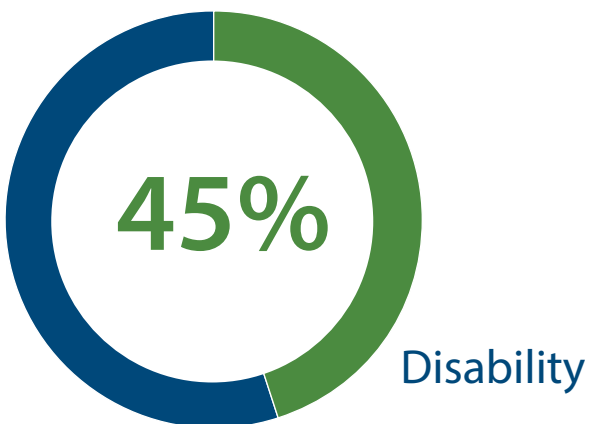
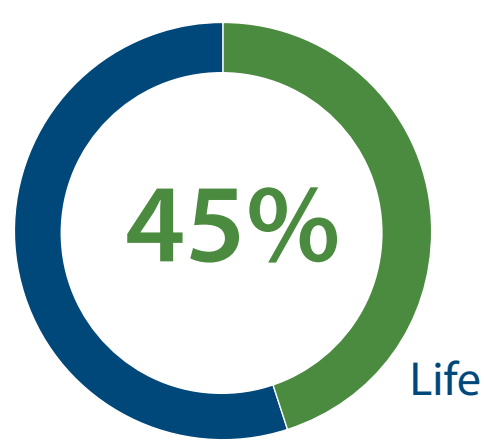
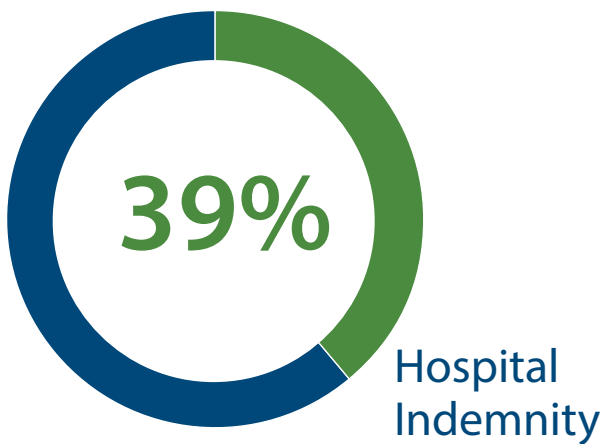
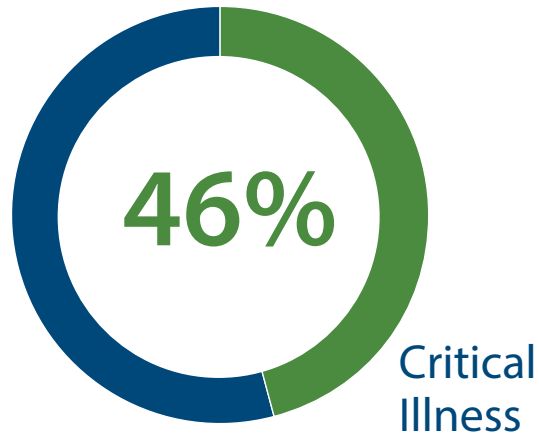
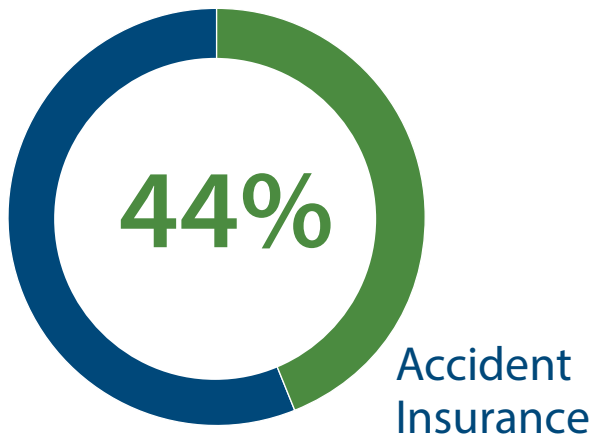
Close Gaps with Voluntary Benefits

Even with the right combination of savings arrangement and HDHP, the most diligent employee can still experience significant gaps in financial protection. For example, out-of-pocket expenses might still deter access to care or lead to billing strains after savings accounts are exhausted. An unexpected medical emergency might leave employees unable to cover costly hospital stays,

treatments or medications. This is where supplemental insurance can fill the holes in coverage through set cash payouts triggered by hospital stays, high-cost conditions and other essential services as long as employees meet eligibility terms. With this added layer of protection, the combined structure makes the most of core coverage and financial reinforcement.

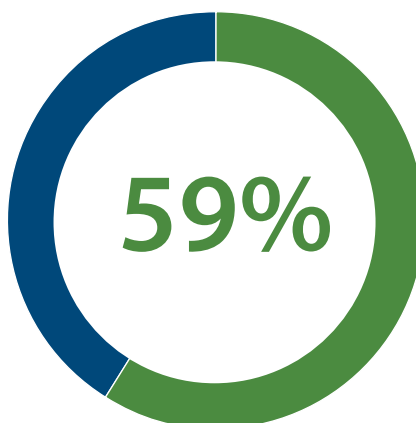
Figures 13, 14, 15, 16 and 17:

Percentage of Employees Who Prefer their Employer Offer



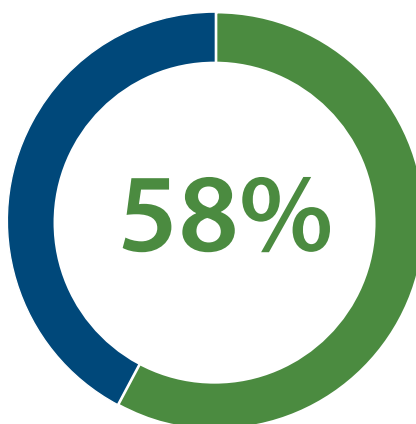
While voluntary benefits can cover out-of-pocket expenses associated with healthcare, they can also help with day-to-day expenses, depending on the situation. Given that these coverages are offered through payroll deduction and come at little to no cost to employers, voluntary options present low-risk, high-reward enhancements to an overall offering. As mentioned previously, they further allow organizations to craft truly personalized benefit packages by enabling each employee to select supplemental protections tailored to their individual priorities and lifestyles.

Figure 18:



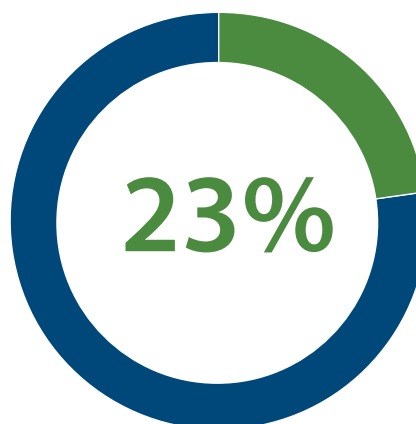
of employees would consider enrolling in **voluntary life insurance** products that included financial protection for **long-term care related expenses**

Figure 19:



of **employers** believe employees effectively utilize **supplemental benefits**

Figure 20:



of **employees** believe that they maximize use of **supplemental benefits**

Types of Voluntary Benefits

Accident Insurance

Provides cash payments to help cover medical and incidental expenses associated with accidental injuries, hospital stays, transit or death/dismemberment.

Critical Illness Insurance

Delivers lump-sum cash payments upon diagnosis of major medical conditions (e.g. heart attack, stroke, cancer) to pay for uncovered treatment costs and daily bills.

Hospital Indemnity Insurance

Offers fixed dollar payouts for hospital-related expenses like confinements, surgeries, critical care and other inpatient services, offsetting deductibles and other cost-sharing.

Cancer Insurance

Helps policyholders manage costs tied to cancer care, covering expenses not reimbursed by medical plans for screening, treatment, therapies and experimental regimens.

Supplemental Disability Insurance

Provides additional income replacement beyond base employer-paid disability coverage to help maintain a standard of living during injury/illness.

Long-Term Care

Coverage for individuals aged 65+ or with chronic/disabling conditions, providing nursing home care, home health care and adult daycare.

Vision and Dental Insurance

Helps foot the bill for major services and preventive eye/dental visits not covered by traditional medical plans.

Life Insurance

Allows employees to purchase extra term life insurance beyond any employer-provided baseline death benefits.

Permanent Life Insurance

Life insurance that doesn't expire and often has a death benefit and savings component.

Legal and Identity Protection

Offers access to attorneys and financial/credit assistance for personal matters, including estate planning, identity theft response, tax audits, property disputes and more.

Pet Insurance

Helps employees pay for their pets' medical bills. Provides financial assistance for expenses related to pets' accidents/injuries, illnesses, surgeries, hereditary conditions and more that primary insurance may not fully cover.

Family and Reproductive Health Support

Offers access to fertility benefits, surrogacy and adoption support, preconception and pregnancy support. Specialized benefits that support lactation, high-risk pregnancies and menopause treatment are increasingly valued supplemental offerings.

Education and Communication

While voluntary benefit offerings provide clear utility, driving enrollment and participation remain separate and significant challenges requiring ground-up benefits literacy and general promotion.

As ongoing employee benefits education fosters engagement, cost-conscious choices and optimal utilization, designing a well-thought-out education and communication plan is mutually beneficial to both workers and the business. However, as more than half of employers believe that their employees could have a better understanding

of their benefits, and about one-third of employees are either somewhat or not too confident in their ability to make the best benefits decisions, any attempt to begin an education initiative should begin with greater clarity.

Figure 21:
Employer Perception of Employees' Understanding of Benefits

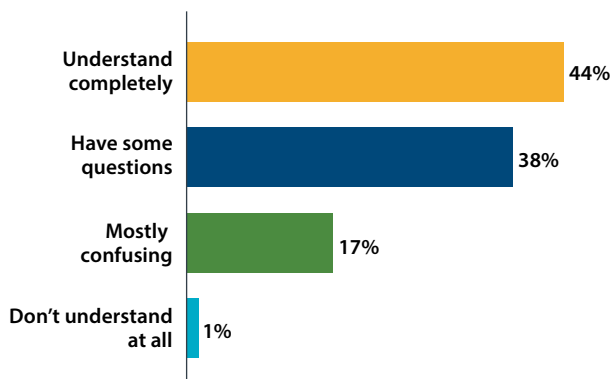
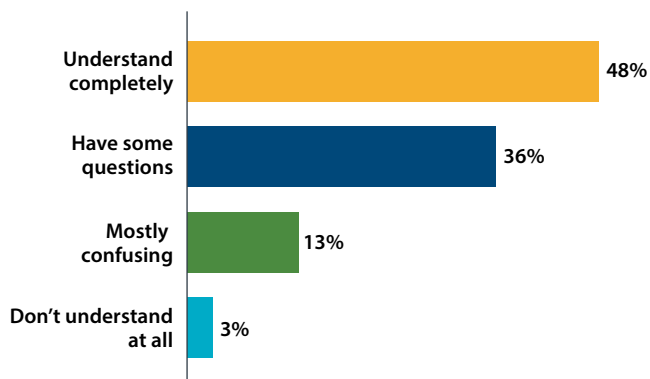


Figure 22:
Employees' Self-Reported Understanding of Benefits





About a third of employees do not feel confident in their ability to select the best benefits for themselves and their families.

Employers should consider focusing on communicating the overlooked value of voluntary benefits and how they work together with their health plan to provide comprehensive protection. An emphasis on showing exactly how certain products like accident, critical illness or identity theft protection can fill specific gaps in their main coverage, can go far in demonstrating their use.

Economic concerns will certainly play a role in anything that employees invest their money in. As a result, focusing on the value and long-term potential of these benefits is critical to the success of any communication endeavor.

Remember that persistent inflation has led to tighter household budgets. So, employers need to design their communications for a cost-conscious audience. Before spotlighting the low upfront costs associated with voluntary benefits, it may make for a more compelling message to emphasize the potential costs that can arise from medical issues or unexpected life events. As people are generally motivated by avoiding consequences, demonstrating the power of protection today to alleviate financial stressors tomorrow tends to resonate.

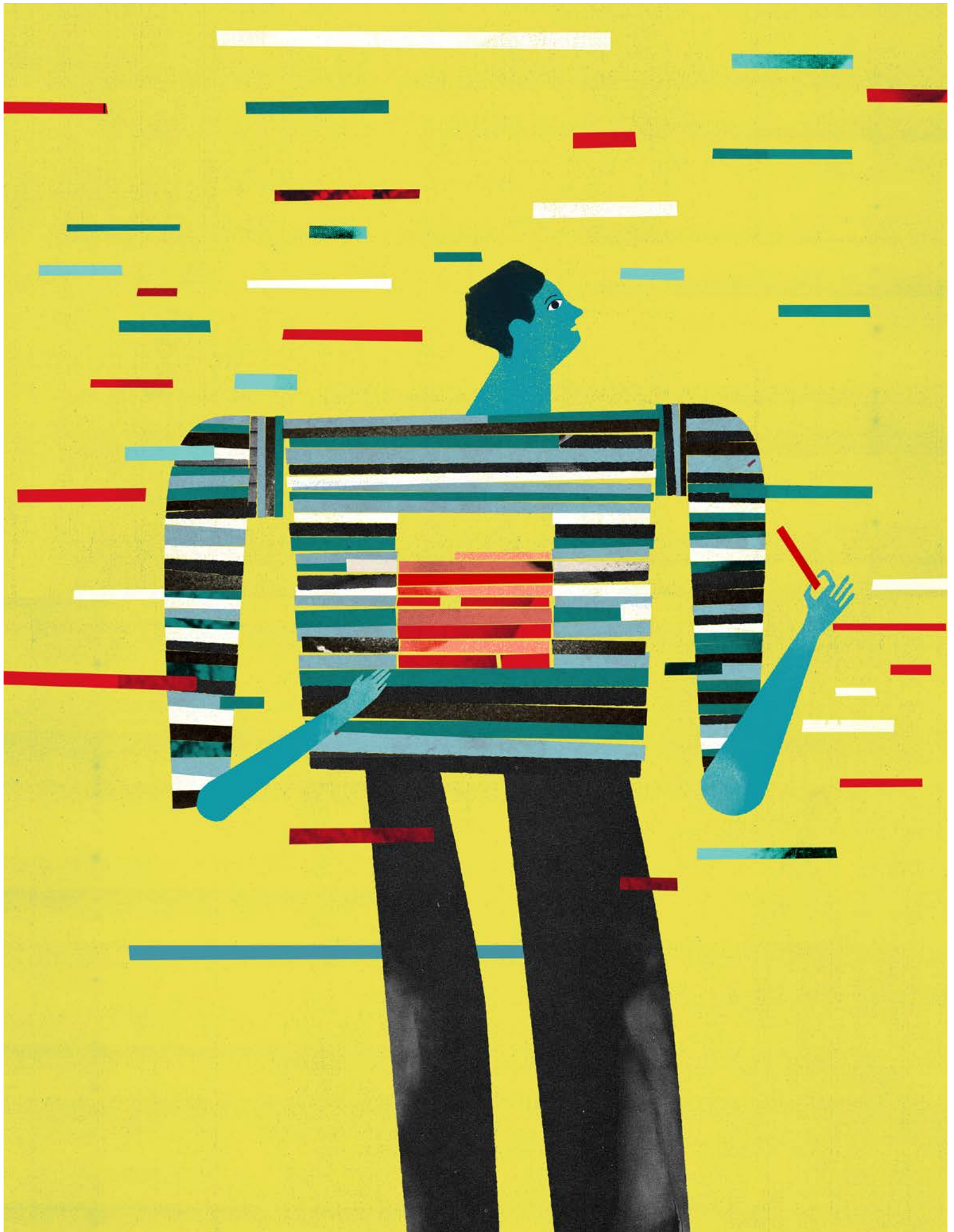
Know the Audience

Successfully appealing to a diverse workforce requires knowing the audience. The most remarkable supplemental benefits package means practically nothing unless it matches employee wants and needs. Carefully constructed pulse surveys, candid benefits conversations during open enrollment and regular communication can foster useful insights that inform supplemental benefit design. Furthermore, listening inclusively to all voices allows organizations to take the pulse of priori-

ties across all generations, backgrounds and life stages. With that information, teams can design cost-effective personalized offerings that demonstrate genuine commitment and care for each individual.

Offer Decision Support Tools

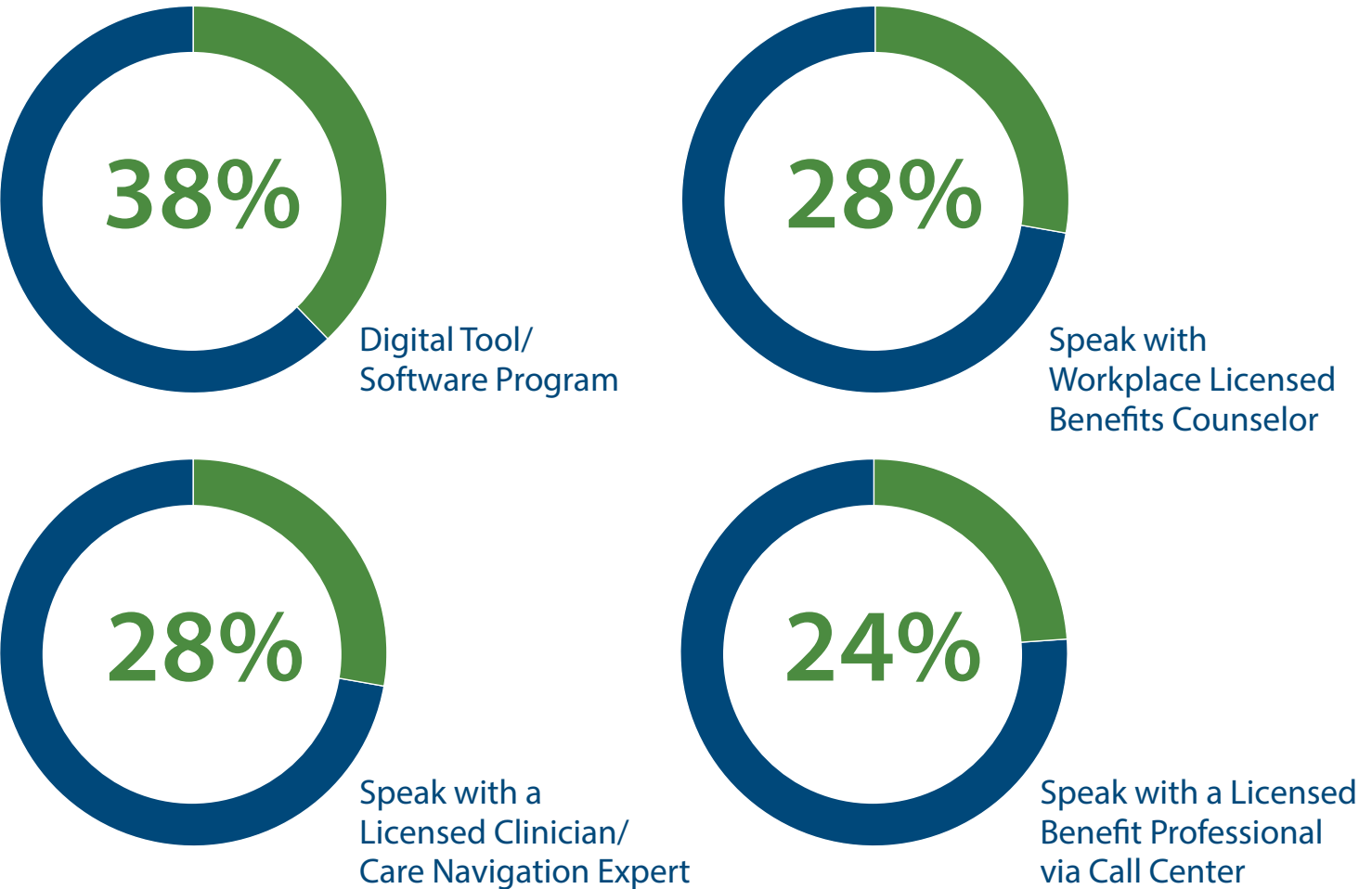
Most employees are open to using a decision-support tool of some type. Although there is little consensus on a single most valuable tool, employees are generally open to offerings like decision apps or access to experts. Complementing a robust education and communication design, decision support tools can provide the missing link needed to convert benefit awareness into confident personalized selections.



While quality enrollment communication should remain a baseline, additional channels can further demystify options to instill benefits literacy and drive sound voluntary benefit decisions. Improving existing print and digital materials with plain language and clear cost-to-benefit ratios can certainly promote better comprehension. By the same token, exploring advanced support like AI-powered chatbots to provide personalized guidance at scale can be especially helpful to in-office and hybrid employee populations.

Many organizations have found call center navigators and care advisors effective for those craving human interaction. Given that the process of benefits personalization is somewhat complex, designing access to multi-prong preparation, assistance and follow-through channels can help employees customize protections aligned to their wants and needs, strengthen benefits literacy and match them with their optimal choices for not only financial health but overall well-being.

Figures 23, 24, 25 and 26:
Resources Employees Would Use to Aid Benefit Selection

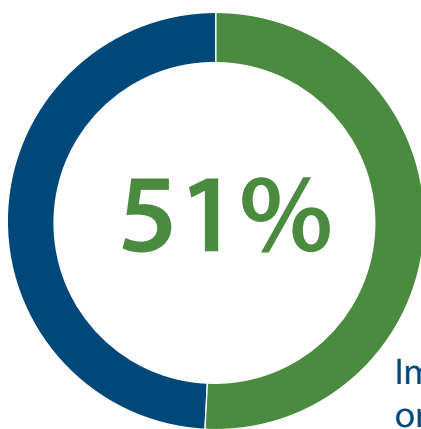




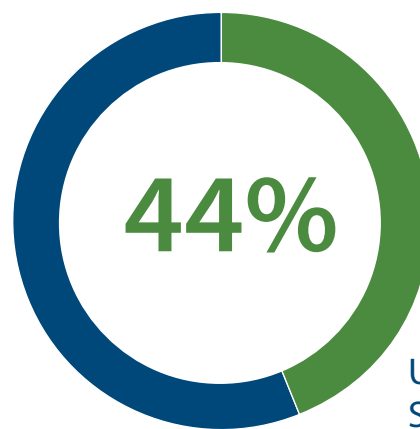
Exploring advanced support like AI-powered chatbots to provide **personalized guidance at scale** can be especially helpful to in-office and hybrid employees.

Figures 27, 28 and 29:

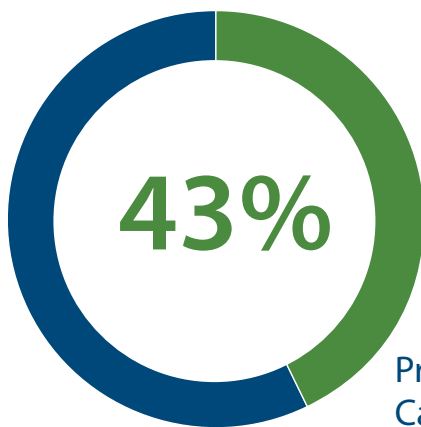
Steps Employers Would Consider Taking to Improve Benefits Literacy



Improve Printed or Digital Materials



Use AI-Based Decision Support Tools



Provide Call Center or Care Navigation Services

Benefits that Fit

With voluntary benefits, employers can offer a low-cost, high-reward solution that caters to both business goals and employee needs. With these types of benefits rising in popularity over the last decade, more and more companies are offering a mix of affordable, group-priced supplemental options designed to meet the needs of diverse multi-generational workforces who expect personalized protection.

By aligning these benefits through payroll deduction/opt-in models where enrolled employees shoulder some or all premium costs, employers can make remarkable expansions to their offering without overextending their benefits budget. The outcome of this is to maximize coverage per dollar and concentrate expenses on active benefactors. In doing so, companies can achieve the ideal balance where added protections address employee risks and needs while tight cost controls remain aligned with organizational realities. In many ways, this is the very business case for offering supplemental benefits.

Pricing

Pricing for supplemental offerings can fluctuate depending on the chosen products and carriers. According to Forbes, these costs generally land between 0.5% and 1.5% of salary per individual.¹ Given this low up-front cost, coupled with the fact that employees typically shoulder the burden themselves, organizational funding constraints don't have to impede an expansion of the benefit offering. In fact, for employers wanting to offer something outside of budget constraints, they can set employee cost-sharing metrics to keep benefits accessible while keeping corporate resources in balance.

The Future

The future of voluntary benefits rests on recognizing potential gaps in protection and offering solutions to fill them at minimal costs through modern channels. As budget restrictions need not factor into the equation, offering the right supplemental assortment can allow companies to forge expanded benefits ecosystems and meet cross-generational needs while prioritizing benefits spend with a focus on broader goals.

The path ahead calls for fiscally balanced voluntary expansion that lifts employer and employee outcomes in tandem. Those seizing this promise today have the potential to become the model benefits providers of tomorrow.

■ References

1. Alana Rudder and Cassie Bottorff. [What Are Voluntary Benefits? The Ultimate Guide](#) Forbes, forbes.com, 2023.

A decorative graphic consisting of several small squares in various colors (yellow, grey, orange, dark grey, light blue, green, and brown) arranged in a scattered pattern on the left side of the teal background.

About the Data

The 2024 NFP US Benefits Trend Report draws on data from NFP's US Employee Benefits Survey 2023 and NFP's US Employer Benefits Survey 2023. Any other sources are as referenced throughout. For full information on the methodology for each NFP survey, contact marketing@nfp.com.

About the Experts

Kim Bell

Kim is executive vice president, head of Health and Benefits at NFP, where she directs the overall strategy and operations for NFP's national employee benefits practice. With more than 30 years of experience in the employee benefits industry, Kim is an influential thought leader in the corporate benefits space. She graduated from Indiana University's Kelley School of Business with a Bachelor of Science in finance and has a Master of Science degree in management from Indiana Wesleyan University. Kim also holds the Certified Employee Benefits Specialist® (CEBS) designation from the International Foundation of Employee Benefit Plans.



E. Heidi Cottle

Heidi is senior vice president, Cost Containment Strategies, collaborating with offices to develop strategies driven by data analytics, medical/clinical risk management programs and service/vendor assessments. With 30+ years of experience in the health and welfare market, Heidi has specialized insights on medical/Rx cost containment and emerging trends in traditional and non-traditional strategies. Heidi was also a finalist for the 2019 World Health Congress "Innovator of the Year" award, a reflection of her engagement in digital transformation efforts designed to enhance the client experience. Heidi holds over 30 health and welfare licenses, credentials and certifications in the US and its territories to support a holistic view of the market.



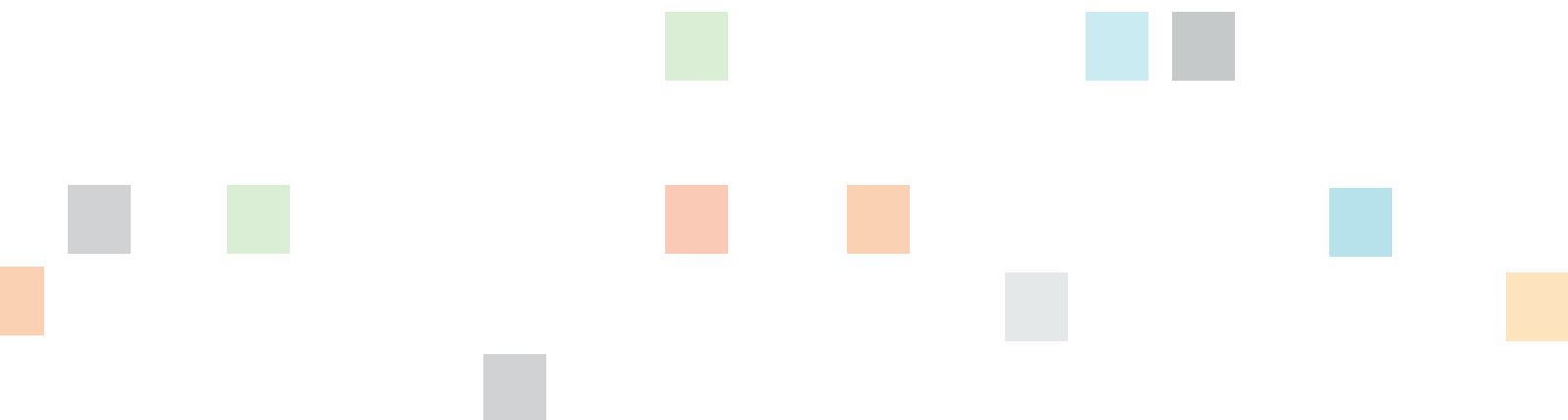
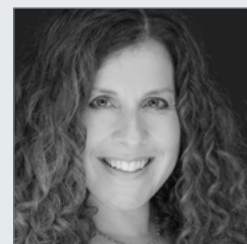


Nelly Rose

As vice president of Clinical Pharmacy, Nelly supports NFP's Rx Solutions with clinical insights and new initiatives while also providing strategic analysis for drug trends and utilization. She works directly with members to support and educate on clinical programs and drug interventions. Nelly received her Doctor of Pharmacy degree from St. Louis College of Pharmacy.

Deb Smolensky

Deb is senior vice president, Well-Being and Engagement practice leader and #1 best-selling author of *Brain On!* In addition, Deb serves as a subject matter expert for the insurtech, fintech and digital health verticals of NFP Ventures. She consults with a variety of clients, including numerous Fortune 500 companies, to develop programs and practices that empower employees and leaders to lead healthy, productive lifestyles through innovative and highly engaging solutions. Deb holds a bachelor's degree in accounting from Illinois State University as well as a multitude of certifications and designations in organizational health and productivity.





NFP

insights from the experts

NFP is committed to sharing insights that help clients make informed decisions regarding their most significant challenges. By delivering ideas, expertise and perspective on opportunities in the marketplace, NFP is driving improvements to solutions that help clients meet their goals.

For the latest on the 2024 US Benefits Trend Report and more, visit us online at [NFP.com](https://www.nfp.com)

About NFP

NFP is a leading property and casualty broker, benefits consultant, wealth manager, and retirement plan advisor that provides solutions enabling client success globally through employee expertise, investments in innovative technologies, and enduring relationships with highly rated insurers, vendors and financial institutions.

Our expansive reach gives us access to highly rated insurers, vendors and financial institutions in the industry, while our locally based employees tailor each solution to meet our clients' needs. We've become one of the largest insurance brokerage, consulting and wealth management firms by building enduring relationships with our clients and helping them realize their goals.

The information contained herein is for informational purposes only. NFP Corp. and its subsidiaries do not provide legal or tax advice. Please consult an attorney or tax professional before implementing any particular strategy to determine the application of laws, regulations, or policies to your specific circumstances.

