

2026 NFP U.S.

Benefits Trend Report: HR Trends

Recalibrating strategy across key cost drivers and understanding the priorities shaping organizations.



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A Letter from Kim and Beth

The benefits landscape is shifting in ways that are both familiar and fundamentally new. Costs are on the rise, as are expectations, and the pace of change shows no signs of slowing. As leaders are being asked to manage uncertainty with more precision and support their people with more intention, yesterday's solutions are no longer meeting the needs of today.

What we heard in this year's research is a story of dual pressures. Employers are contending with structural cost drivers across the workforce, the growing complexity of care and the expansion of new, high-cost treatments like GLP-1s. At the same time, employees are carrying greater financial strain and looking to their employers for help, stability and support. These pressures magnify each other. When the cost of care becomes harder to manage, it becomes harder for employees to thrive. And when employees struggle to thrive, employers feel it in every corner of the business.

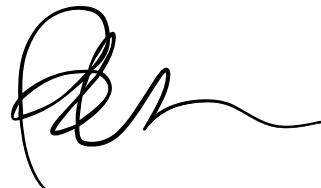
This moment is also defined by opportunity. Organizations are rethinking outdated approaches, embracing new technologies and using data to make smarter, more confident decisions. They are sharpening their understanding of what people need, expanding the definition of what a benefits program can deliver and recognizing that employee experience and organizational resilience are inseparable.

Across industries, we're seeing leaders shift from a transactional view of benefits to a strategic one that balances financial stewardship with the responsibility to care for a workforce under growing strain. Leaders know that cost containment and employee wellbeing are not competing priorities. They are two sides of the same path forward.

NFP's teams have the privilege of walking that path with you. Our role has always been to help employers see around corners, interpret complexity and build strategies that reflect both the realities of today and the possibilities of tomorrow. This year's report captures those realities with clarity and looks ahead with optimism. We hope it helps you take your next step with confidence.

A handwritten signature of the name "Kim Bell" in black ink.

Kim Bell
EVP, Head of Health and Benefits

A handwritten signature of the name "Beth Robertson" in black ink.

Beth Robertson
Co-Leader, Health and Benefits

Key Takeaways

HR Trends

AI adoption is creating new risk by outpacing governance.

28%

of employers have a comprehensive AI governance policy and just 29% conduct formal bias audits, despite widespread adoption of AI tools.

Workforce planning remains short-term.

59%

of employers don't engage in workforce planning beyond three years. That's too few as AI, automation and retirement trends reshape talent needs.

Facts and figures are from NFP's 2025 employer and employee benefits trends surveys unless otherwise indicated.

The majority of employer respondents (76%) represented organizations with 1,000 employees or fewer. Employee respondents included a mix of ages, genders and income levels, and the majority (89%) were full time employees. See "About the Data" on page 11 for a full overview of the survey population.



HR Trends

From Administration to Anticipation

HR's role is continuously being redefined. Driven less by choice and more by necessity, it has grown from an administrative function into the connective tissue that links people, data and purpose. Today, it governs the systems that determine how work happens, how fairness is measured and how trust is earned.

Our 2026 data confirms that the gap between HR strategy and employee experience is widening faster than in any other domain. As organizations accelerate their digital transformation, HR leaders are being asked to anticipate risk before it emerges while rebuilding confidence in the systems employees rely on every day.

This means writing and rewriting the rules for technologies that didn't exist five years ago and whose capabilities now evolve at exponential speed.

The three main forces behind this shift are the rise of AI and its governance gap, the growing disconnect between employer confidence and employee understanding, and the urgent need for leaders capable of steering through volatility. **The future of HR is no longer defined by administrative oversight.** It is evolving toward anticipatory strategy, a mindset dedicated to predicting disruption before it happens and building systems that are ready for it.

The Great HR Reset: Process Becomes Policy

HR's move from process owner to policy architect is well underway. With about a quarter of employers integrating AI into their overall business strategies, the need for clear guidelines on its use has never been more evident. This point becomes even more striking when we see how few employers have policies in place already.

Only 28% have a comprehensive governance policy in place, resulting in a new kind of risk — one rooted not in technology itself, but in the absence of rules to guide it.

Current State of AI Governance/Policy

Comprehensive policy in place	28%
Basic guidance only	23%
In development	23%
Exploratory stage	16%
No policy or governance	7%
Not sure	2%

Current State of AI Strategy

Integrated strategy - We have a formal, well-communicated AI strategy that is integrated into our business planning and operations	27%
Developing strategy - We are in the process of drafting or piloting an AI strategy	27%
Defined strategy - We have a formal AI strategy, but it is not widely communicated or adopted	25%
Exploratory stage - We are informally exploring AI use cases, but there is no formal strategy	17%
No strategy - We don't have a defined approach, or plans related to AI	6%

Across the country, policymakers are responding. States including New York, California and Colorado have introduced legislation governing algorithmic transparency, data fairness and AI's role in employment decisions. Colorado's SB205¹ and New York City's Local Law 144² require disclosure and bias audits for automated hiring tools — laws that now carry real penalties for noncompliance. Meanwhile, California's SB53³ provides a state-level AI safety policy framework.

This patchwork of regulation is pulling HR into an increasingly familiar role: compliance co-lead. No longer operating in isolation, HR now shares responsibility with Legal and IT as part of a digital ethics triad: a function built on technology, transparency and trust.

By managing risk across privacy, data retention and bias prevention, HR is establishing the ethical foundation for responsible technology use across the organization.

The next step is leadership buy-in, and the opportunity to lead beyond compliance has never been greater. For HR, that integration is the goal: ensuring every AI-driven process is paired with accountability and human oversight.

In 2026, the mark of a mature HR function will be ethical fluency: the ability to interpret emerging laws, translate them into policy and guide technology use with integrity.

1. Colorado General Assembly. "SB24-205 Consumer Protections for Artificial Intelligence," leg.colorado.gov, May 17, 2024.
2. NYC Consumer and Worker Protection. "Automated Employment Decision Tools (AEDT)," nyc.gov, 2023.
3. Legiscan. "California Senate Bill 53," legiscan.com, September 29, 2025.



Workforce Strategy Meets AI

Workforce strategy has traditionally meant headcount forecasting. But in the age of automation, it now means capability forecasting, i.e., anticipating the mix of skills and systems needed to sustain growth, not just fill seats. Yet only 41% of employers engage in workforce planning beyond three years, suggesting that most organizations are still managing by reaction rather than design.

Many employers recognize the value of workforce analytics in strategic decision-making, yet few have embedded those insights into daily operations. AI is beginning to change that. With about a third of employers using AI-driven tools for career mapping and succession planning, linking skill development with future business models, HR is getting a clear view of where its talent needs to grow.

This gelling of workforce and AI strategy also intersects with demographics. Organizations are preparing for a coming retirement surge that threatens a loss of institutional knowledge just as automation reshapes job functions. Forward-thinking HR teams are responding with strategies that bridge generations, pairing veteran employees with early-career talent in reverse mentorship programs, implementing apprenticeship frameworks, and creating flexible consulting roles that preserve expertise while developing new leaders. Although often overlooked, this focus on knowledge continuity should be considered a core element of any comprehensive workforce strategy.

The goal is less about predicting headcount and more about predicting readiness. Workforce strategy will no longer stand apart from technology planning. Instead, it will define how organizations anticipate and allocate capability before demand emerges. The next evolution of this shift is how organizations operationalize it through skills-based design.

| **59%** of employers don't plan their workforce strategy beyond 3 years.

The Skills-Based Organization

The future of HR is skills-based, not status-based. 67% of employers engage in skills-based hiring and training. A significant minority already use AI to enable development: 40% of employers report using AI-powered platforms to personalize learning and 35% report using AI-driven skills mapping and dynamic career pathing.

Aligning Training with Future Workforce Needs

Skills-based hiring and training alignment	67%
Reactive training based on immediate needs	46%

Preparing Employees to Work with AI

We use AI-powered learning platforms to personalize training	52%
We offer AI literacy and data fluency programs across the workforce	41%
We provide immersive training using VR/AR simulations	26%
We rely on microlearning modules for just-in-time skill development	21%
We have not yet implemented AI-related training	15%

As discussed in NFP's breakdown of 2026 wellbeing trends, employees are fully aware of what's at stake. Many expect AI to reshape their roles within the next two years, yet few feel adequately trained to adapt. This growing readiness gap underscores why HR must treat skills development not as a wellbeing benefit, but as a core element of workforce strategy.

Skills-based systems do more than close technical gaps; they reopen doors that degree inflation once closed. By emphasizing demonstrated ability over credentials, employers can reimagine their workforce in terms of skills. This goes a long way toward broadening access, deepening engagement and increasing retention, especially among nontraditional talent pools.

Still, success depends on infrastructure. HR must define, forecast and continuously refine the skill sets that classify competencies, map adjacencies and guide mobility. 63% of employers already offer internal job boards or mentorship programs, but without data integration, those systems remain fragmented. They operate independently, without a shared layer of data.

The organizations that thrive will treat learning as currency, something measurable, portable and continuously renewed.

Enabling Internal Mobility

Internal job boards and mentorship programs	63%
Support mobility informally through manager referrals	49%
AI-driven skills mapping and dynamic career pathing	35%
Do not have the structured approach for internal mobility	9%

This is tremendously beneficial. When employees can see how skills translate to opportunity, upskilling becomes a social contract as well as a corporate priority.

Continuous Performance, Continuous Feedback

The annual performance review is rapidly becoming obsolete. In its place comes a model of real-time calibration, enabled by analytics and guided by transparency. Half of employers are testing AI tools for performance analytics, aiming to measure productivity, collaboration and, by proxy, learning velocity.

AI Use in Performance Evaluation or Promotion Decisions

We're testing AI tools for performance analytics	51%
With safeguards like bias testing and human oversight	40%
We use traditional performance review methods	39%
We do not evaluate performance formally	5%

AI also has the potential to normalize coaching, turning feedback from a once-a-year ritual into an everyday dialogue. However, this application is not without risk. Automation alone can't fix bias. On the contrary, it can amplify it. This leaves organizations with significant exposure to reputational, ethical and compliance risk.

We have already seen this concern discussed in recruiting, where systematic bias in AI candidate screening could have the potential to perpetuate inequality for candidates and cause employers to miss out on quality candidates who are unjustly screened out.

Alarmingly, only 51% of organizations currently apply human review to AI-generated recruiting outcomes and just 29% conduct formal bias audits.

Ensuring Ethical Use of AI in Recruiting

Use human review for AI-generated decisions	51%
Follow general HR ethics guidelines, not AI specific	41%
Conduct bias audits and disclose AI use to candidates	29%
Currently no measures in place	7%
Do not use AI in recruiting	9%

As the aforementioned state laws take effect, HR will be required to document, explain and defend algorithmic decisions. Therefore, success will no longer be about efficiency, but about how clearly decisions can be explained and defended. In addition, the next generation of performance management will combine human judgment with algorithmic insight. This is accountability.

HR's challenge then is to design systems where feedback is fast, fair and traceable, ensuring AI strengthens trust, instead of eroding it.

The Modern Workplace: Keeping Flexible and Steady

Modern workforce demands create a paradox: organizations must be both steady and adaptable. It is the combination of structure and speed, the discipline to sustain order while maintaining the flexibility to evolve. After years of disruption, organizations are learning that flexibility without stability leads to chaos, while stability without flexibility leads to decline. Organizations that recognize this and build systems that flex without breaking are the ones most likely to thrive amid constant change.

One in three employers (34%) are redesigning leadership programs to meet future demands. Nearly half (49%) rely on internal leadership development, 23% partner with external institutions and 50% depend on informal mentoring networks to sustain continuity. Yet without systemic integration, these programs risk becoming isolated efforts.

Preparing Employees to Fill Upcoming Roles

Rely on informal mentoring and on-the-job training	50%
We provide structured, internally-led leadership development programs focused on succession	49%
We use AI-powered platforms to personalize learning for future roles	40%
We partner with external institutions for accredited learning	23%
We have not yet taken steps to address this transition	6%

HR's task in this regard is to institutionalize adaptability to embed change capacity into everyday operations. Some are doing this through modular job design, rotational leadership roles or "fusion teams" that blend cross-functional expertise. Others are aligning leadership pipelines with internal mobility platforms, ensuring that development and opportunity move in tandem. It isn't about moving faster, it's about moving smarter.

| 34% of employers have redesigned their leadership programs to support managers.

The organizations that thrive in 2026 will not be those that avoid disruption, but those that absorb it without losing direction.



Culture, like infrastructure, must be both resilient and flexible. HR is no longer just a department. It's an operating philosophy for the modern enterprise. In a world defined by automation, data and disruption, it has also become the conscience of the organization, responsible for ensuring that progress remains human-centered.

The data tell a consistent story: AI is advancing faster than governance, communication is outpacing comprehension and skills needs are changing faster than training can keep up. Yet each of these challenges represents an opportunity for HR to lead through clarity, foresight and accountability.

The most successful organizations of 2026 won't ask HR to keep up with change — they'll depend on it to define what change should mean.

About the Report

NFP's 2026 U.S. Benefits Trend Report captures a snapshot of rising expectations, expanding complexity, and an ongoing gap between what employees need and what employers are equipped to deliver. What we heard from both employers and employees alike is a story of dual pressures.

Leaders are balancing structural cost drivers, talent shortages, regulatory evolution and the introduction of high-cost treatments. At the same time, they're working to maintain trust, simplify experiences and reduce friction across systems. Employees, with their own competing responsibilities, are seeking clarity, confidence, and meaningful support in moments that matter, yet still struggle to understand or fully utilize the benefits available to them.

Whether the challenge is cost, complexity or clarity, every solution starts with the same absolute: connection. When data, communication and benefit strategies operate as a single ecosystem, employers

can align intent with experience, close gaps in understanding and strengthen the value proposition for every employee. This report highlights where those opportunities exist and how employers can take action.

As you look to the year ahead, we hope these insights serve as a guide to help you see around corners, anticipate disruption and design benefits that support your people and your long-term goals. The challenges are real, but so is the opportunity to create a benefits experience that is more connected and reflective of where work and benefits are headed.

And as always, we're here to help you navigate the path ahead.

About the Data

NFP 2026 U.S. Benefits Trend Report draws on data from NFP's 2025 U.S. Benefits Trends Employer Survey and Benefits Trends Employee Survey, which were conducted in October 2025 in partnership with Empatix, a strategy, insights and activation firm.

The employer survey of 500 benefits decision-makers was conducted online. Respondents represented a mix of organizations across the US, ranging in size from <100 employees to 5,000+, with an emphasis on companies with 500 or fewer employees. To qualify for the survey, respondents had to have decision-making responsibility for their organization's benefits offerings.

The employee survey included a mix of 1,012 employees from various company sizes across the US. To qualify for the survey, respondents had to receive insurance through their employer and have primary or shared health insurance decision-making responsibility.

Any other sources are as referenced throughout. Due to rounding conventions, data may not add to 100%. 2025 data was compared to 2024 throughout. Statistically significant year-over-year differences are indicated by up or down arrows on 2025 data points. For full information on the methodology for each NFP survey, contact marketing@nfp.com.

Employee Survey Demographics

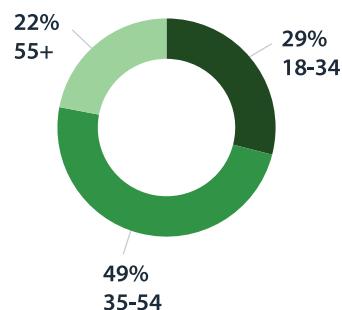
Household Income



Gender



Age



Employment Status

Employed full time	89%
Employed part time	10%
Contract employee	1%

Job Description

White collar – Office, cubicle, or other professional, desk-based environment, including remote	41%
Grey collar – Typically interact in-person with customers and/or the public in a non-office setting	35%
Blue collar – Requires physical labor/skilled trade	24%

Employer Survey Firmographics

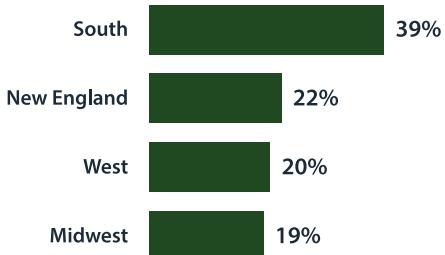
Employer Size

2-50	13%
51-100	19%
101-500	25%
501-1,000	19%
1,000+	24%

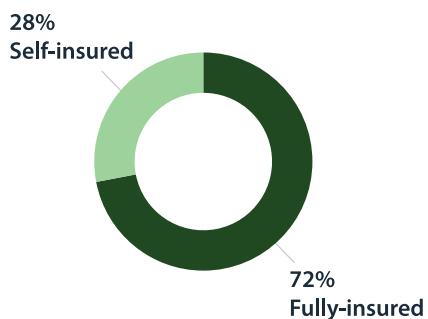
Industry

Healthcare	22%
Manufacturing	12%
Professional Services	11%
Retail and Wholesale Trade	10%
Construction	8%
Education	6%
Hospitality	6%
Financial Services	6%
Transportation/Trucking	5%
All Other (Government, Real Estate, Agriculture, Media, Life Science, etc.)	15%

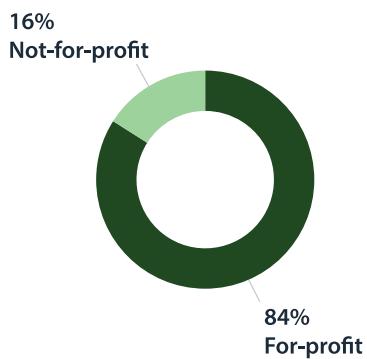
Company Headquarters' Region



Benefits Program Funding Model



Incorporation Status



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.

Beth Robertson

Beth Robertson is the co-leader of the Health and Benefits business line at NFP. With over 25 years of experience in employee benefits, human resources and financial management, Beth brings a strategic and client-focused approach to leadership. Since joining NFP in 2005, she has held various roles, including managing director of the Atlantic region, vice president of Strategic Accounts and AVP, senior consultant. Beth's career is distinguished by her work across diverse industries, with a particular focus on government contractors, nonprofits, and private equity. Beth earned her Bachelor of Science degree from Penn State University.

Nick Conway

Nick is president of Rx Solutions, where he guides a team working across private equity, coalitions, small carved-in groups, consultants and pharmacists. Throughout his career, Nick has prioritized patient needs, community health and industry advancement to impact prescription medication accessibility and affordability nationwide.

Deb Smolensky

Deb Smolensky is senior vice president and practice leader for Vitality and Wellbeing Solutions and the #1 best-selling author of *Brain On!* She is an award-winning thought leader in health and human performance who advises executive teams on building healthier, higher-performing and more connected workforces. Deb also serves as an innovation leader across insurtech, fintech and digital health, helping organizations evaluate, shape and scale next-generation solutions that deliver workforce impact and business value. She holds a bachelor's degree in accounting from Illinois State University and multiple certifications in organizational health and productivity.

Maria Trapenasso

Maria M. Trapenasso serves as the senior vice president and national practice leader of Talent Solutions. She oversees NFP's HR consulting practice and guides clients to develop solutions unique to each organization. Maria specializes in leave management, compliance, HR audits and organizational development. Maria has 30 years of HR expertise. In previous roles, she focused on evaluating HR organizations for strategic alignment, implementing total rewards programs and designing impactful training initiatives. Maria is a Senior Certified Professional (SHRM SCP) and Leave Management Specialist (DMEC-CLMS), with membership in SHRM and the National Association of Female Executives since 1998. She also holds a NY State Insurance license for Health, Life and Accident Insurance.

About NFP

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With colleagues across the U.S., Canada, UK and Ireland, and global capabilities enhanced by the Aon advantage, NFP serves a diversity of clients, industries and communities. Our collaborative team provides specialized expertise and customized solutions, including property and casualty insurance, employee benefits, life insurance, executive benefits, wealth management and retirement plan advisory.

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