Employee Benefits Report

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Company Dynamics

New Data Shows Workplace Burnout for 75% of Female Employees

A growing mental health crisis among working women has reached a critical point, with female employees disproportionately affected by mounting stressors that are pushing rates of burnout, anxiety, and depression to alarming levels.

Recent research reveals that women need more support in the workplace, with a stunning 75% of female employees now reporting struggling with burnout on the job.

What the Data Says

Multiple surveys over the past two years have shown mental health declining across the board. But new data indicates women have borne the brunt of the decline and are struggling more than their male peers.

According to the 2023-2024 Aflac WorkForces Report, 75% of women say they are experiencing burnout at work, compared to 58% of men. Separate research from employee assistance firm ComPsych found that over the past two years, 60% of depression cases in the U.S. were attributed to women.

What's more, the crisis appears to still be intensifying. ComPsych data shows that in the first quarter of 2024, a record 71% of all mental health-related leaves of absence from work were taken by women, up from 69% in 2023.

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This Just In ...

New Rules Could Transform Instant Pay Benefits

Federal regulators are moving to classify earned wage access programs as consumer loans, signaling a major shift for this rapidly growing employee benefit. The Consumer Financial Protection Bureau's proposed rule could reshape how companies like Walmart, Bath & Body Works and McDonald's offer early access to earned wages.

The Numbers Tell the Story

More than 7 million workers accessed approximately $22 billion in wages before their scheduled paydays in 2022. Currently, 16% of employers offer payroll advances.

CFPB analysis shows the typical earned-wage-access user faces fees amounting to a 109.5% annual percentage rate. When employers don't cover costs, over 90% of workers paid at least one fee in 2022 to access earnings early.

Why Companies Offer Early Pay Access

The surge in instant pay benefits reflects growing economic pressures. One-third of U.S. workers report living paycheck to paycheck, with the situation more acute among younger workers—83% of employees aged 18-24 consider instant pay benefits important.

Driving the Trend

Experts say several factors are affecting the mental health of women in the workplace. Primary among them are situations that lead to women juggling caregiving duties in addition to their jobs.

According to one expert, women typically handle most childcare and parenting duties even when both parents work full-time jobs. Juggling so many responsibilities between family care and their careers creates enormous strain.

Now, amid economic uncertainty and the continued effects of the pandemic, those responsibilities have become even more stressful. The loss of flexible remote work options, child care costs that often exceed rent payments, lingering health concerns, political strife, as well as inflation exacerbating the financial strain, there is now perfect storm pummeling working women from all sides.

In addition, recent research found one-third of women experiencing menopause symptoms say it has negatively impacted their work. Yet open dialogue around such issues remains relatively taboo in many work cultures.

According to experts, there is still a societal stigma and feelings of guilt that keep women from seeking mental health support. These pressures lead them to prioritize caring for others while neglecting their own self-care needs.

A Problem That Could Be Solved with Action

With the sheer volume of working women now battling burnout and other mental health problems, experts say employers have a vested interest in being part of the solution. Investing in mental health resources for staff leads to positive returns for employers, including higher morale, better overall health, and fewer unplanned absences.

The most direct action for companies to take would be to expand and promote mental health services through benefits plans. With women accounting for the vast majority of mental health claims, ensuring access to counseling, therapy, stress management resources, and the like is critical.

Still, focusing on mental health benefits alone may not move the needle on systemic issues causing women excessive strain in the first place. Experts urge a holistic approach that includes addressing caregiving needs, pay and opportunity gaps, flexible work arrangements, and similar concerns.

Here are some of the most impactful steps employers can take to better support women's wellbeing on the job:

Offer Caregiving Support

With the bulk of family care responsibilities still falling to mothers, offering caregiving benefits can provide tangible relief by helping cover the costs of child or elder care. Research shows these benefits also boost productivity, loyalty, and retention among working moms, Caregiving stipends, discounted care options, and paid caregiver leave policies are some examples.

Look at Leave Policies

Ensuring adequate paid time off allows women space to recharge without losing income or fearing consequences at work. Consider being more generous with sick days, mental health days, and vacation time. Also, evaluate if policies like paid family leave offer enough flexibility for the unique care challenges faced by women.

Close Pay Gaps

Fair compensation is central to economic security. Conducting wage audits, establishing transparent pay bands, and reviewing promotion rates are best practices for closing stubborn pay gaps.

Offer Women's Health Benefits

Covering women's health benefits can show you care about challenges unique to them. Fertility benefits and menopause support are emerging offerings that help normalize difficult but common health issues women face. Consider adding them to demonstrate support.

The benefit has become a competitive advantage, particularly in retail. Major companies use these programs to attract and retain talent amid financial stress, with 53% of workers reporting their paychecks aren't keeping pace with inflation.

What's Changing

Under the proposed rule, early wage access programs would fall under the Truth in Lending Act, requiring lender disclosure of all costs and fees. Companies must provide additional disclosures to users, express all costs as an APR, face increased regulatory oversight and ensure lending compliance.

Impact on Employers

Companies offering earned wage access benefits face a complex transition. The new requirements mean reviewing and possibly restructuring current programs to meet lending regulations, while revamping benefit communication strategies.

Companies that don't cover early wage access fees could be hit hardest. These employers must prepare for greater cost transparency and potentially navigate new relationships with third-party providers to maintain compliance.

58% of Millennials Bet on 401(k)s Over Social Security

A significant generational shift in retirement planning is reshaping how employers need to think about their benefits packages. While older generations have traditionally viewed Social Security as their primary source of retirement income, younger workers are increasingly putting their faith—and their money—into personal retirement accounts.

The Trust Gap Widens

New research from Cerulli Associates reveals a stark contrast in how different generations view their retirement future. The firm's latest U.S. Retirement Edition study, which surveyed approximately 1,500 401(k) investors in the first quarter of 2024, found that 58% of millennials with active 401(k) participation expect personal retirement accounts to be their primary source of post-career income. Only 6% of millennials say they're counting on Social Security as their main income source in retirement.

This stands in marked contrast to current retirees, where the numbers are nearly reversed. More than half (56%) of retired 401(k) participants report Social Security as their primary source of income, while just 7% rely mainly on personal retirement accounts.

The Generation X Transition

Generation X represents a transition point in this shifting mindset. According to the study, 39% of active Gen X 401(k) participants anticipate personal retirement accounts will be their primary retirement income source, while 30% still plan to rely on Social Security. This middle-ground position reflects their unique perspective as a generation caught between traditional retirement models and newer financial realities.

Why the Shift Matters for Employers

This generational divide in retirement planning creates both challenges and opportunities for employers. As younger workers take a more active role in their retirement planning, they're likely to scrutinize employer-sponsored retirement benefits more carefully than previous generations.

The trend suggests that robust 401(k) programs and other personal retirement account options may become increasingly crucial factors in attracting and retaining younger talent. With millennials clearly betting on personal retirement accounts over Social Security, employers' retirement benefits packages could become an even more critical differentiator in the competitive labor market.

Building a Future-Ready Retirement Program

The data points to several key considerations for employers looking to align their retirement benefits with evolving workforce expectations:

Enhanced 401(k) Options

With younger workers placing greater emphasis on personal retirement accounts, employers should evaluate whether their current 401(k) programs meet the needs of a workforce that will rely more heavily on these benefits. This includes reviewing investment options, contribution matches, and program education resources.

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Multi-Generational Planning Support

The research shows that retirement planning preferences vary significantly by age group. Employers need to consider how their retirement benefits can effectively serve a multi-generational workforce, from baby boomers who rely heavily on Social Security to millennials who are increasingly banking on personal retirement accounts.

Financial Education Resources

As younger workers take more personal responsibility for their retirement planning, employers have an opportunity to provide enhanced financial education and planning resources. This support can help employees make informed decisions about their retirement savings strategies.

Adapting to the New Retirement Reality

The generational shift in retirement planning expectations signals a broader transformation in how workers approach their financial futures. For employers, this means retirement benefits can no longer be a one-size-fits-all proposition. Instead, companies need to develop more nuanced approaches that acknowledge and address varying generational perspectives on retirement security.

As millennials continue to make up an increasing share of the workforce, their strong preference for personal retirement accounts over Social Security suggests that employer-sponsored retirement benefits will play more prominent role in talent acquisition and retention strategies.

DOL Pushes Back Against Texas Courts Over Fiduciary Rule

The Department of Labor (DOL) is mounting an aggressive legal challenge to protect its new fiduciary rule for retirement advice, following preliminary injunctions that halted the planned implementation of the regulation. The department filed notices of appeal on September 20 against two separate Texas court decisions that placed stays on the rule just before its scheduled September 23 effective date.

The Rule at Stake

The Biden Administration's Retirement Security Rule, released in April 2024, aims to expand fiduciary obligations for financial professionals providing retirement-related advice. Under the regulation, advisors would be required to prioritize their clients' interests when recommending crucial financial decisions, such as 401(k) rollovers or the purchase of insurance products like annuities.

The stakes are particularly high given the current retirement landscape. Individual retirement accounts (IRAs) held $13.8 trillion by the end of 2023, according to the Investment Company Institute. Meanwhile, annuity sales have reached record levels, with first-quarter sales in 2024 hitting $113.5 billion—a 21% increase from the previous year.

Legal Challenges and Court Decisions

The legal resistance to the rule emerged from two separate cases filed in Texas federal courts. The first was brought in the Northern District of Texas by the American Council of Life Insurers along with eight other insurance trade groups. The second case was filed in the Eastern District of Texas by the Federation of Americans for Consumer Choice and various independent insurance agents.

Both courts found fundamental conflicts between the new rule and the Employee Retirement Security Act of 1974, the foundation of U.S. retirement law. The judges also expressed concern that the new regulation too closely resembled a previous DOL fiduciary standard that was struck down by the Fifth Circuit Court of Appeals in 2018.

Regulatory Gap at Issue

At the heart of the debate is what the DOL considers a significant regulatory loophole. While ongoing retirement advice relationships typically trigger fiduciary obligations, certain one-time recommendations—including suggestions to purchase annuities or transfer funds from employer-sponsored 401(k) plans to IRAs—currently fall under an exemption for "one-time advice."

Industry Response

Insurance industry representatives warn the proposed rule could limit retirement planning access for many Americans. At a Securities and Exchange Commission Investment Advisory Committee meeting last week, industry experts cautioned that increased compliance costs under stricter conduct standards might force providers to discontinue services to lower- and middle-income clients.

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The regulatory landscape currently places many insurance sellers under state oversight rather than federal standards such as the fiduciary conduct standard for financial advisors or Regulation Best Interest requirements for broker-dealers. Industry representatives maintain there is little evidence the current regulatory framework fails to protect consumers adequately.

Current Retirement Landscape

The regulatory battle comes amid significant growth in retirement savings and products:

- IRA contribution limits have increased to $7,000 for those under 50
- Individuals over 50 can contribute up to $8,000
- First-quarter annuity sales showed a 21% year-over-year increase
- Total IRA holdings reached $13.8 trillion by end of 2023

What's Next

While the DOL's appeal notices don't detail specific legal arguments, legal experts familiar with the case suggest the department will likely focus on distinguishing the new rule from its 2018 predecessor. The department's strategy may emphasize how the current regulation addresses regulatory gaps while providing necessary consumer protections in an evolving retirement landscape.

Family-Building Benefits Lead Latest Workplace Benefits Surge

U.S. employers are rapidly expanding their family-building benefits packages, with fertility and adoption support emerging as key offerings in the competitive talent marketplace. New research shows companies are investing heavily in these benefits to attract and retain employees while supporting diverse paths to parenthood.

Latest Trends in Coverage

Recent data from the International Foundation of Employee Benefit Plans reveals 42% of U.S. employers now provide fertility benefits, up from 30% in 2020. This represents a significant shift in workplace benefits strategy over just four years.

Egg harvesting and freezing services have seen particularly dramatic growth, with 16% of employers now offering coverage compared to 2% in 2016. Adoption benefits have also gained substantial traction, with 37% of employers providing paid adoption leave in 2024, increasing from 27% in 2020.

Financial assistance for adoption has become more prevalent, with 20% of employers now offering this support. These benefits address substantial costs, as private domestic adoption expenses typically range from $35,000 to $50,000, while a single round of IVF can cost between $15,000 and $30,000.

Strategic Business Impact

Research indicates these benefits directly affect recruitment and retention efforts. Industry analysis shows 70% of employers now consider reproductive and family health benefits essential for talent acquisition, while 75% view them as crucial for employee retention.

The trend shows strong momentum for continued growth. According to joint research from the Business Group on Health and Fidelity Investments, 86% of employers plan to offer family-forming and reproductive support by 2025.

Large employers are leading this shift, with approximately 45% covering IVF in 2023, more than double the 22% offering coverage four years earlier.

Productivity Considerations

These benefits address more than recruitment challenges. Industry research indicates employees facing infertility or adoption challenges often experience decreased productivity and increased absenteeism. Comprehensive family-planning support helps address these workplace performance issues while supporting employee well-being.

Expanding Inclusivity

Modern family-building benefits increasingly support diverse family structures. Progressive employers have begun removing traditional barriers, such as infertility diagnosis requirements, to accommodate single parents and same-sex couples.

Business experts note these expanded benefits help create more inclusive workplaces while offering employers a competitive advantage in talent acquisition and retention.

Market Response

The rapid adoption of these benefits reflects broader changes in workplace expectations. Industry analysts report that providing financial assistance for family building has become a key differentiator in the competitive benefits landscape.

Implementation Considerations

Companies evaluating family-building benefits packages may want to consider several essential components to create effective programs. Comprehensive fertility coverage, adoption support policies, and inclusive family-building pathways form the foundation of modern benefits strategies. These core elements help ensure equitable access across diverse workforce populations.

Financial structures require careful consideration, including coverage levels for preservation services and coordinated leave policies. Industry experts recommend examining existing policies to identify gaps in coverage while ensuring new benefits align with overall compensation strategies and workforce needs.