Employee Benefits Report

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Retirement Benefits

Nearly Half of U.S. Workers Not Confident in Retirement Savings

A new study reveals that many Americans feel anxious and uncertain when it comes to planning for their retirement years. With 46% of respondents reporting that they lack confidence in having enough money saved, employers have an opportunity to step up with more robust retirement benefits to attract and retain talent.

When Did They Start Saving?

Of those surveyed who are saving for retirement, 30% started putting money aside between ages 18 and 29. Another 28% began their retirement contributions in their 30s, while 16% started in their 40s and just 8% began at age 50 or older.

With nearly half not confident in their retirement savings, starting early is key. However, over 30% haven't begun saving at all, pointing to a need for accessible retirement plans.

Feelings of Anxiety and Uncertainty

For 31% of Americans, thinking about retirement causes feelings of anxiety. Another 12% reported feeling scared when pondering their golden years.

With 61% expecting to work past retirement age and 39% anticipating they will need to work until they die, there is a sense of uncertainty about when retirement will become a reality.

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This Just In ...

The Benefits That Will Attract Top Talent in 2025

Most employees feel good about their retirement savings, but rising day-to-day expenses can create enough stress to affect workplace productivity. To attract and retain top talent, employers should consider these financial challenges when updating benefits for 2025.

Anxiety Rises Over Living Expenses

Despite its recent cooling, inflation's impact on the cost of living is the top stressor. Additional leading worries include credit card debt, housing, and medical bills.

To cover emergency expenses, 54% of employees are dipping into their retirement savings. This problem is worsened by the lack of emergency funds—only 25% of financially unstable employees have them, compared to 82% of those who are financially stable.

There's also a contrast between retirement confidence and readiness. While 72% feel somewhat optimistic about retiring, just 38% expect to have the $500,000 in savings that 56% believe they need. Additionally, retirement savings goal estimates vary wildly, with 21% thinking they

While 30% feel motivated to save, the prevalence of anxiousness points to a need for retirement literacy education. Employers can help ease uncertainty by clearly communicating benefit options.

Threats to Retirement Goals

From past financial decisions (26%) to the ups and downs of the stock market (20%), survey respondents feel retirement goals are vulnerable. Another 20% see dependence on social security benefits as a threat, with the same percentage citing an unpredictable job market.

With so many Americans anxious about retiring, employers have an opportunity to boost hiring and retention by offering robust retirement benefits that provide stability amid variables out of workers' control.

Debt Management Takes Priority

While saving for the future is important, survey findings revealed paying off debt takes priority for most. Over 60% said it's more vital to pay down what they owe versus contribute to a retirement account.

Still, over 40% reported thinking about retirement often or all the time. This points to an opening for financial education around strategically budgeting and building emergency savings while tackling debt.

Rethinking Benefits

With most survey respondents starting retirement savings in their 30s yet still feeling anxious, the data indicates a need for more robust offerings targeting younger workers. Enhanced matching, early vesting, financial literacy programs, and auto-enrollment can provide this.

Creative solutions like student loan debt benefits also grab millennial and Gen Z attention while encouraging healthier retirement habits long-term. With confidence low, employers have an opportunity to innovate on benefits, addressing recruitment, retention, and financial wellness simultaneously. Companies acting now to improve their packages stand to draw top talent seeking security.

need less than $100,000 to retire. Employees need more financial education and tools to meet near- and long-term money targets.

Money Worries Hurt Mental Health, Work Performance

Finances cause moderate to significant anxiety for 62%, up since 2023. This takes a toll at work – 51% say money stress makes it difficult to focus and perform. Nearly 1 in 5 say it impacts their work ability “all the time,” signaling an urgent issue for employers to address.

Demand Rises for Financial Benefits

With current financial realities, employers must prioritize financial wellness benefits that provide holistic support. The top desired offerings are:

- 401(k) benefits: 40% seek access to retirement plans. Of those with this benefit, 55% want higher employer matches.
- Emergency savings: 40% want employer-sponsored emergency funds.
- Wellness and financial aid: 33% seek wellness stipends, 29% want FSAs or HSAs amid rising living costs.
- Tools and advice: 24% want budgeting tools and 21% seek access to financial advisors.
- Education benefits: 18% want student loan assistance/repayment. Another 18% like 401(k) match programs that also make student loan payments.

Workers aren’t viewing these lightly – they’re willing to leave for companies that provide such offerings.

How Your Benefits Package Can Give You a Competitive Edge

In today's job market, a robust benefits package is vital for employers looking to recruit and retain top talent. As workforce dynamics and employee needs evolve, companies that fail to adapt their offerings risk falling behind rivals that are more in tune with workers' wants.

Research shows the shifts in what employees hope to get from job perks. Mental health support has become a must-have, with nearly 30% of over 2,000 surveyed U.S. workers linking motivational struggles to psychological factors. Caregiving benefits also saw rising demand, as almost 75% of working Americans already serve as caregivers. Most say they would face financial hardship without workplace benefits.

Forward-looking employers are responding by boosting wellness offerings, expanding leave, shoring up financial safety nets, and more. For companies aiming to pull ahead, experts point to these areas when crafting a competitive package:

Supporting Mental Health

The pandemic underscored struggles with mental health issues. As workplaces stabilize, challenges continue—but not all employers prioritize solutions yet. Employees unsatisfied with manager relationships are nearly twice as likely to report low motivation as those with supportive leadership, indicating a need for accountability.

Experts advise listening to pinpoint needs before evaluating wellness offerings. Bolstering mental health support to address gaps, whether through counseling access, virtual therapy, or mental health days, is key.

Adapting to Caregiving Needs

Caregiving duties will intensify over the next decade as chronic illnesses rise. Nearly three-quarters of employees already act as caregivers to family members—a figure poised to grow amid expanding elderly populations.

With responsibilities pulling workers in multiple directions, associated stress directly drags productivity and boosts turnover. Forward-looking employers acknowledge caregiving as a crucial need, not an inconvenience. Adjusting policies around flexibility, paid caregiver leave and planning resources develops holistic systems.

Financial Safety Nets

Money worries fuel declining mental health while harming work performance. Employees require robust financial safety nets amid volatile inflation, childcare costs and other bills. Yet the average worker lacks emergency and retirement savings.

Supplemental offerings like low-interest loans, automated savings, and 401(k) repayment matches on student loans bring more stability. Financial struggles are the biggest driver of declining well-being, indicating that if employers focus their benefit design on financial security, they are more likely to boost engagement.

Reimagining Wellness

With mental and financial strains mounting, leaders revamping benefits should focus on overall wellness. Once standard options like gym memberships now seem outdated. Executives should instead craft integrated platforms informed by firsthand feedback.

Boosting mental health access, adjusting caregiving policies, and strengthening monetary backups make tangible differences when executed strategically. With nearly 40% leaving their jobs due to benefits, perks definitively influence attraction and retention.

Emergency Care Assistance

With most already balancing care duties, employers share an interest in relieving this strain where possible. Some creatively assist workers facing sudden disruptions in care arrangements through emergency backup resources.

By filling urgent gaps via existing vendor partnerships, employers provide tangible aid conveying compassion. Especially for talent navigating crises, such gestures can shape perceptions of support and decisions on job changes.

Building Financial Health

With finances central to bolstering well-being, employers must hone benefits for stability. While foundational subsidies like health insurance and retirement savings plans give vital lifelines, many still live paycheck to paycheck. So leading employers should offer supplemental benefits that can help alleviate monetary worries.

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Enabling access through low-interest lending, coaching, and student loan repayment matches affords peace of mind while encouraging wiser money management.

Nutrition Supporting Women's Wellness

A health concern only recently gaining notoriety and still overlooked in many workplace programs is targeted nutrition support for female employees across life stages. Resources like counseling subsidies help workers understand the links between lifestyle and hormone health. Promoting open dialogue around issues like menstrual needs or menopause normalizes these shared experiences, cultivating inclusivity.

Visionary leaders recognize nutrition's role in driving performance by fueling well-being. Backing essential health considerations for female staff demonstrates appreciation for the diversity of insights they provide.

Digital Gift Card Rewards

Compared to alternatives, gift cards bring the highest-perceived value and instant redeemability across age groups thanks to built-in flexibility. Digital formats specifically modernize programs via efficient delivery, transparent tracking, and personalization while optimizing engagement.

Supporting Addiction Recovery

Alongside wellness resources, leading employers now destigmatize substance abuse disorder as needing compassionate support. Formalized efforts provide clear re-entry pathways and prevent recidivism through what are called recovery-friendly workplace initiatives.

By conveying understanding instead of punishment or stigma around addiction, companies create environments for struggling employees to seek help. Early recovery-friendly adopters also widen candidate pools among affected demographics.

How Employers Can Prepare for Pay Equity Scrutiny

As pay transparency and equity laws gain momentum across the United States, federal and state authorities are increasingly scrutinizing employers to ensure compliance. Failing to address pay equity issues can result in significant legal, financial, and reputational consequences. Employers must take proactive steps to assess, improve, and defend their pay practices in this evolving landscape.

Understanding Pay Equity Scrutiny

Pay equity scrutiny involves assessing whether employees performing comparable work are compensated fairly, regardless of gender, race, or other protected characteristics. Laws like the federal Equal Pay Act and state-level regulations in California, New York, and Colorado require employers to ensure their pay structures are free from discrimination.

Recent trends include mandatory pay transparency in job postings and public reporting of pay data. These measures aim to uncover pay disparities and hold organizations accountable for rectifying inequities.

Steps Employers Can Take to Prepare

1. Conduct a Pay Equity Audit

A comprehensive pay equity audit is a crucial first step. Employers should analyze their compensation data to identify and address disparities. Key considerations include:

- Comparing pay across similar roles, accounting for experience, education, and performance.
- Reviewing starting salaries, bonuses, and promotions for patterns of inequity.
- Documenting legitimate, non-discriminatory factors influencing pay differences.

2. Review and Update Pay Policies

Employers should establish clear and transparent pay policies that align with legal requirements and industry standards. These policies should:

- Define salary ranges for roles based on market research.
- Standardize processes for salary increases, promotions, and bonuses.
- Prohibit retaliation against employees discussing wages, as required by many state laws.

3. Train Managers and HR Professionals

Managers and HR staff play a critical role in maintaining pay equity. Training should focus on:

- Understanding the legal framework around pay equity and transparency.
- Avoiding implicit bias in hiring, promotions, and performance reviews.
- Communicating compensation decisions effectively and equitably.

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4. Document and Justify Pay Decisions

Employers must be prepared to defend their pay practices with thorough documentation. This includes:

- Clear records of job descriptions and pay scales.
- Performance evaluations and criteria used for pay adjustments.
- Written explanations of any pay differentials based on legitimate business factors.

5. Monitor Legislative Changes

Pay equity laws vary by jurisdiction and are constantly evolving. Employers should:

- Stay informed about federal, state, and local regulations.
- Work with legal counsel to ensure compliance with all applicable laws.
- Adapt policies and practices as new legislation takes effect.

What Employers Should Know About Overtime Rules

Overtime rules play a crucial role in ensuring employees are compensated fairly for hours worked beyond the standard 40-hour workweek. However, these regulations can be complex, especially when determining which employees are exempt from overtime pay. Employers must understand these rules to avoid misclassification, legal issues, and financial penalties.

The Basics of Overtime Rules

Under the Fair Labor Standards Act (FLSA), non-exempt employees are entitled to overtime pay at a rate of 1.5 times their regular hourly wage for hours worked over 40 in a single workweek. Additionally, some states have stricter requirements, such as daily overtime for working more than eight hours in one day.

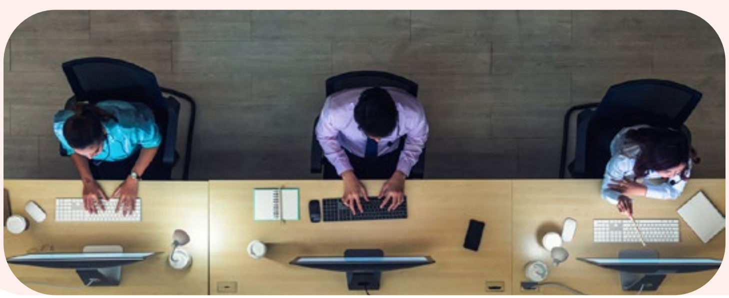
Employers are responsible for maintaining accurate records of hours worked and properly classifying employees as exempt or non-exempt. Misclassification of non-exempt workers can result in back pay claims, penalties, and litigation.

Who Qualifies as Exempt?

Certain employees are exempt from overtime pay if they meet specific job duties tests and earn at least the FLSA minimum salary threshold. The common exemption categories include:

1. Executive Exemption
- Primary duties involve managing the business or a recognized department.
- Regularly supervises at least two full-time employees.
- Earns at least $684 per week or $35,568 annually.

2. Administrative Exemption
- Performs non-manual work related to business operations or management.
- Exercises discretion and independent judgment on significant matters.
- Meets the same salary threshold of $684 per week.



3. Professional Exemption
- Engages in work requiring advanced knowledge in a specialized field, typically acquired through prolonged education.
- Creative professionals in artistic or innovative fields also qualify.
- Must earn at least $684 per week.

4. Outside Sales Exemption
- The primary duty is making sales or securing contracts outside the employer's regular place of business.
- No salary threshold applies, but duties must meet criteria.

5. Computer Employee Exemption
- Includes roles like systems analysts, programmers, and software engineers.
- Must earn at least **$684 per week** on a salaried basis or **$27.63 per hour** if paid hourly.

Key Considerations for Employers

1. Salary Thresholds Are Increasing
- While the current federal salary threshold is $684 per week, the U.S. Department of Labor has proposed raising this figure to reflect modern wage standards. Employers must stay informed about these updates.

2. State-Specific Laws
- States such as California and New York impose stricter salary thresholds. For example, California's current minimum annual salary for exempt employees is $64,480 for employers with 26 or more employees.

3. Misclassification Risks

Employers must ensure that job titles align with actual job duties and salary thresholds. Misclassification can lead to liabilities, including back pay and penalties.

4. Tracking Non-Exempt Employees

Accurate timekeeping is critical, especially for remote or hybrid workers whose after-hours work could be compensable.

5. Regular Audits

Employers should periodically review pay practices and job classifications to identify potential compliance gaps.

How to Stay Compliant

To ensure compliance:
- Conduct regular pay audits and adjust salaries as needed to meet current thresholds.
- Train managers and HR teams on overtime rules and proper employee classification.
- Monitor legal developments to adapt to new federal and state regulations.

Employers who proactively address overtime compliance not only avoid legal risks but also build trust with employees by demonstrating a commitment to fairness and transparency.

Conclusion

- Overtime rules protect employees' rights and ensure equitable pay. Employers must understand the job duties and salary thresholds for exempt classifications—currently set at $684 per week federally and higher in some states. By implementing accurate tracking systems, conducting regular audits, and staying informed about changes, employers can mitigate risks and foster a compliant, productive workplace.