THE HARTFORD'S 2022

FUTURE OF BENEFITS REPORT

DIFFERENCES IN OPINION AMONG U.S. WORKERS AND EMPLOYERS ABOUT COMPANY CULTURE AND RETENTION ARE CONTRIBUTING TO TURNOVER IN THE WORKPLACE

THE HARTFORD

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INTRODUCTION AND KEY INSIGHTS

The Hartford's 2022 Future of Benefits Study, now in its third year, delivers insights about the workplace, employee benefit trends and the evolving needs of the U.S. workforce to help guide business owners and human resource professionals in making important choices that will help shape their business' future. Like previous years, the study surveyed both employers and workers to better understand how their thinking aligns and to identify opportunities to bridge gaps that impede communication, worker retention and organizational success.

This year's study unpacks the latest challenge facing companies who might have thought the most trying times were behind them as we began to emerge from the pandemic – retaining their workforce. Many refer to it as the 'Great Resignation' – and for good reason – the number of workers quitting their jobs steadily increased during 2021 and remains near an all-time high of 3%, according to the latest data from the U.S. Bureau of Labor Statistics.[1]

Driven by low unemployment rates, high demand for workers, rising wages from competitors and a transition back to working in-person for some, people from across industries are tempted to make a switch. The increased access to remote work for many workers has also provided people with access to opportunities in geographic locations that may not have been an option before. This competition for talent is a challenge not only to corporations with large human resources departments but also to owner-operated Main Street businesses.

This year's study explores the reasons that are driving workers to switch jobs, how disconnects between employers and workers about company culture and retention are helping to fuel turnover, as well as the continued importance of mental health and employee benefits. We aim to help employers understand that the disconnects can also be seen as a time of opportunity. The value of talent has never been greater and the benefits that support U.S. workers have never been more important.

"This has been honestly the hardest last couple years that I think I've ever had in my career, ever. There's nothing that compares. The crash in 2008 where everybody had to go on pay freezes and we were slashing benefits and laying people off – that was hard. But this is 1,000 times worse than that."

HR ADMINISTRATOR IN WHOLESALE INDUSTRY WITH **1,000 EMPLOYEES**

KEY TAKEAWAYS

RECOGNIZING THE TURNOVER TREND

A majority of U.S. workers said it would be easy to find a new job and many have taken or plan to take steps to leave their current job. Most workers have looked at or plan to look at job postings and about half have applied for a job or plan to do so. While the top motivator for those who switched jobs or plan to switch is higher wages, the No. 2 reason was that they sought a better workplace culture. The data suggests that the level of turnover companies are experiencing will likely continue.

PROTECTING THE NEW PAYCHECK

Although employee benefits were not a big influence for those seeking new employment opportunities, starting fresh at a new company is a milestone opportunity for workers to spend time learning about and re-evaluating what benefits best fit with their lifestyles and family needs. Seventy percent of employers believe workers underutilize the services, benefits and programs available to them. Most workers continue to value the benefits offered to them. Workers who don't have access to certain benefits are interested in having their employers offer them in the future. Employers have an opportunity to increase benefits education and use available technology to meet the different learning styles of their workforce.

THE GREAT RESIGNATION'S GREAT DISCONNECT

Differences in opinion between U.S. workers and employers about company culture and retention are helping to fuel turnover in the workplace, increasing pressure on employers to make changes to retain their workforce. Nearly all employers (96%) surveyed felt they were taking steps to retain their workforce, but only half of U.S. workers (52%) agree. Employers are much more optimistic about their workplace when it comes to job satisfaction and workplace stress levels than workers.

THE MENTAL HEALTH DIVIDE

Employers feel the deteriorating mental health of their workforce is having a financial impact on their company, but fewer companies reported offering employee assistance programs (EAP), wellness benefits and addiction treatment programs. At the same time, more U.S. workers report feeling anxious and depressed than in previous years. Employers think they're supporting mental health, while workers feel companies are falling short on access, flexibility and resources.

CONTINUED COMPLEXITY OF PAID LEAVE

Employers say there is no easy way to track and manage all the leave types applicable to their workers, creating a need for more support and information as more states implement paid family and medical leave programs. Even as access to paid leave continues to increase, there is still a perceived stigma associated with taking a leave of absence from work.

RECOGNIZING THE TURNOVER TREND

A majority of U.S. workers said it would be easy to find a new job and many have taken or plan to take steps to leave their current job, signaling that turnover in the workplace will likely continue. While higher wages were the top motivator for those who switched or plan to switch jobs many U.S. workers said they sought a better workplace culture. Only 14% of employers recognized company culture as a factor in employees' decisions to leave.

59% of U.S. workers believe it would be easy to find a new job

34% of U.S. workers moved to a new company in the past year or plan to in the next 12 months

- **14%** in the past year
- **20%** in the next 12 months

40% of U.S. workers moved to a new role within their current company in the past year or plan to in the next 12 months

- **20%** in the past year
- **20%** in the next 12 months

THE TOP FIVE REASONS U.S. WORKERS LEFT THEIR JOB OR PLAN TO LEAVE THEIR CURRENT JOB

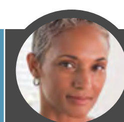
- **Baby Boomers** were more likely than other generations to switch jobs for higher wages (60%)
- **Gen X** and **Older Millennials** were more likely to switch for career advancement opportunities (32% for Gen X; 34% for Older Millennials)
- **Gen Z/Younger Millennials** were more likely to switch for workplace flexibility (33%)

STEPS U.S. WORKERS HAVE TAKEN IN THE PAST 12 MONTHS OR PLAN TO TAKE IN THE NEXT 12 MONTHS TO CHANGE JOBS

Look at job postings	71%	42% in the past year	29% in the next 12 months
Update resume	62%	36% in the past year	26% in the next 12 months
Apply for a new job	49%	27% in the past year	22% in the next 12 months
Interview for a new job	44%	25% in the past year	19% in the next 12 months
Join job search website/use headhunter	42%	23% in the past year	19% in the next 12 months

Older Millennials and Gen Z/Younger Millennials were more likely to have engaged in or plan to engage in job search actions, compared to workers of other age groups.

JOB SEARCH ACTIVITY THEY'VE TAKEN OR PLAN TO TAKE

 GEN Z/YOUNGER MILLENNIALS (1995-2002)	 OLDER MILLENNIALS (1981-1994)	 GEN X (1967-1980)	 BABY BOOMERS (1955-1966)
APPLYING FOR A JOB			
66%	59%	41%	27%
UPDATING THEIR RESUME			
80%	70%	56%	37%
LOOKING AT JOB POSTINGS			
80%	78%	69%	51%

Women were more likely than men to engage in certain job search actions.

- Applying for a job: women – 52%, men – 45%
- Looking at job postings: women – 76%, men – 63%

KEY INSIGHTS ON THE ROAD TO RETENTION

- Understand that the desire for higher wages will always be present but talk to workers about their goals and what opportunities might be available for career advancement.
- Recognize that remote work is an enabler of turnover and has provided the talent pool with access to more opportunities. When possible, continue to embrace flexibility in the workplace.
- Audit your company culture and compare worker incentives to your competitors' to identify how they might be able to lure away your top talent.

PROTECTING THE NEW PAYCHECK

Although employee benefits were not a big influence for those seeking new employment opportunities, starting fresh at a new company is a milestone opportunity for workers to spend time learning about and re-evaluating what benefits best fit in with their lifestyles and family needs. Most workers continue to value the benefits offered to them. Workers who don't have access to certain benefits are interested in having their employers offer them in the future. Employee benefits remain an important foundation for how employers care for their workers and help them protect their paycheck when the unexpected strikes.

BELIEVE THE BENEFITS PACKAGE OFFERED IS BETTER THAN THOSE OFFERED AT OTHER COMPANIES

Employers 71%

February 2022 U.S. workers 55%

February 2021 U.S. workers 50%

June 2020 U.S. workers 45%

March 2020 U.S. workers 56%

This has been an upward trend among U.S. workers and in line with how they felt in March 2020

70% of employers also believe employees underutilize the services, benefits and programs they make available

Even though workers may not view their benefits packages as competitive as employers do,

79% say they value the benefits offered through their employer.

Participation levels in life, disability and supplemental health benefits have remained steady among those workers who have access to the benefits.

PARTICIPATION LEVELS AMONG WORKERS WHO HAVE ACCESS TO THE BENEFITS

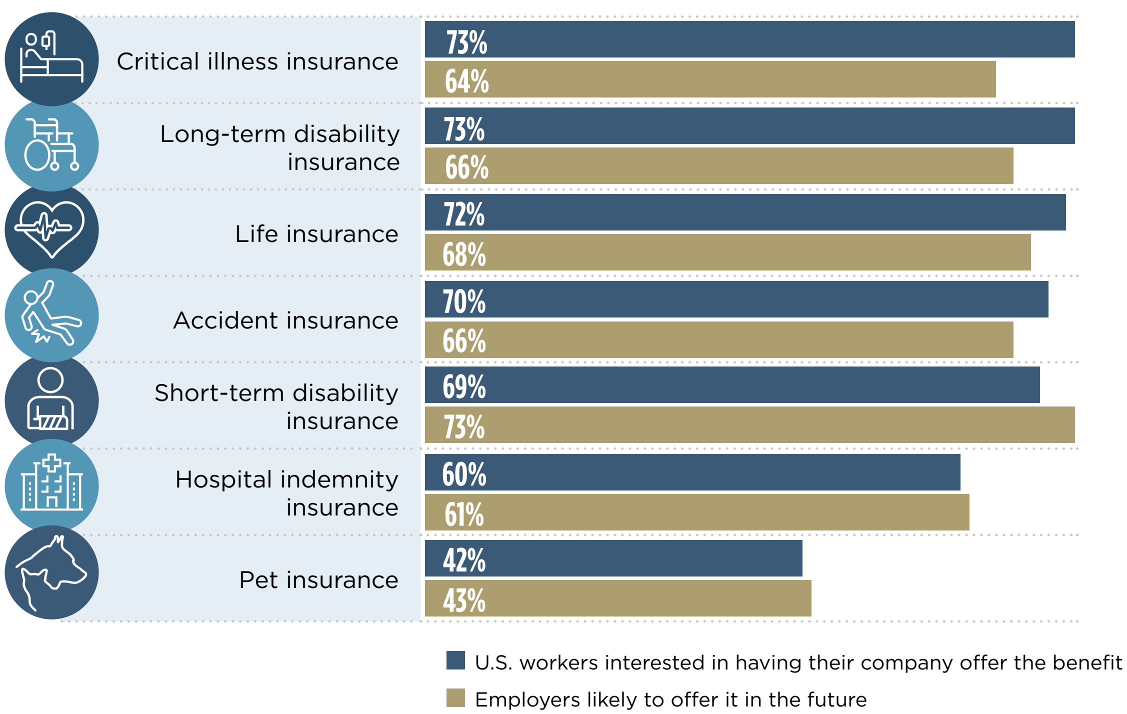
	Worker participation in 2022	Worker participation in 2021
Life insurance	81%	81%
Short-term disability insurance	65%	59%
Long-term disability insurance	62%	58%
Accident insurance	52%	54%
Hospital indemnity insurance	46%	53%
Critical illness insurance	46%	46%

“Historically there has been a lack of understanding about the value and financial support benefits such as disability and supplemental health insurance can provide when employees are faced with the unexpected. Given the large number of workers switching jobs, employers must bridge the education gap and help workers understand how these benefits can protect their new paycheck.”

JONATHAN BENNETT, HEAD OF GROUP BENEFITS AT **THE HARTFORD**

Interest among workers who aren’t currently offered these benefits is high. Similarly, many employers who don’t currently offer them are likely to offer them in the future.

INTEREST LEVELS IN BENEFITS NOT CURRENTLY OFFERED TO SOME U.S. WORKERS



“You need to recognize that some people you can’t throw money at. Everybody has different rewards that incentivize them. Some are money driven. Some want the time off rewards. Some want the praise. Some need that mental health. It’s trying to find a solution that will help the majority of our population.”

SENIOR DIRECTOR OF BENEFITS FOR FOOD MANUFACTURER WITH **5,000 EMPLOYEES**

Employers say that educating employees about their benefits remains a challenge. Benefits enrollment will continue to rely mostly on online resources and personalization is becoming increasingly important.

76% of employers say educating employees about benefits is a challenge

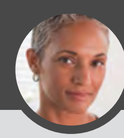
This has increased over time:

- **68%** in February 2021
- **62%** in June 2020
- **70%** in March 2020

68% of **U.S. workers** want personalized information explaining what insurance benefits to purchase, an increase from **57%** in March 2020

INTEREST IN PERSONALIZED INFORMATION IS HIGHEST AMONG YOUNGER WORKERS



GEN Z/YOUNGER MILLENNIALS (1995-2002)	OLDER MILLENNIALS (1981-1994)	GEN X (1967-1980)	BABY BOOMERS (1955-1966)
75%	72%	62%	65%

80% **of employers** say they offer customized education to show how the benefits relate to their employees

Both **employers** and **U.S. workers** are open to sharing information with insurance companies for personalized benefits communications

EMPLOYERS	U.S. WORKERS
78%	73%

KEY INSIGHTS ON THE ROAD TO RETENTION

- Help workers understand how important benefits can be to protecting their income by demonstrating the value of employee benefits and highlighting other available services such as employee assistance or wellness programs. With the rise of high deductible health plans, supplemental health insurance is becoming more relevant, as it can help workers pay for deductibles or living expenses such as a mortgage and childcare.
- Reinforce that employees are in control of their benefits decisions and can customize their selections based on their specific needs to help protect themselves, their family and their future.
- Provide educational content that talks to employees about different life milestones and how the insurance products can help protect them in different scenarios rather than focusing first on the products. Personalized enrollment messaging can help demonstrate how benefits are more than one size fits all – how each person could utilize them.

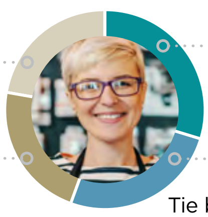
THE GREAT RESIGNATION'S GREAT DISCONNECT

Differences in opinion between U.S. workers and employers about company culture and retention are helping to fuel turnover in the workplace, increasing pressure on employers to make changes to retain their workforce. While employers think they're taking steps to retain their workforce, their efforts aren't fully felt by workers. Employers and workers have differing views about job satisfaction, retention efforts and workplace stress levels.

	EMPLOYERS	U.S. WORKERS
Believe the company is taking steps to retain employees	96%	52%
Believe turnover has worsened	17%	39%

Although U.S. workers say salary/wage increases would make them more likely to stay at their current job – and this is the No. 1 action employers are taking to retain their workforce – it falls short of what workers are looking for.

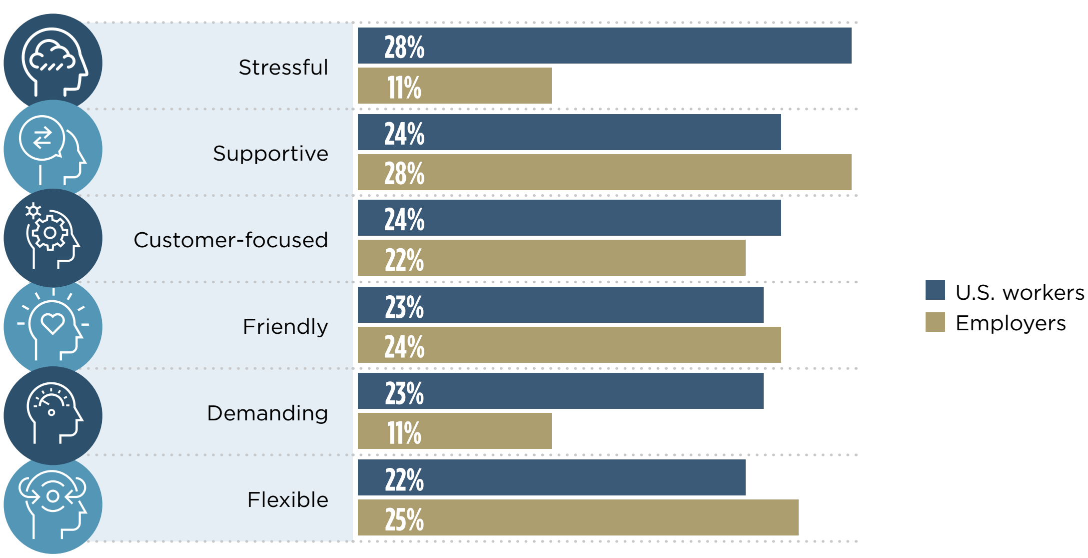
The top three actions employers say they are taking to retain workers:



The top three actions U.S. workers say would make them more likely to stay at their current job:

Employers are much more optimistic about their workplace when it comes to workplace stress levels and job satisfaction. When asked to choose one word that best describes their company culture, the top answer for U.S. workers was 'stressful' (28%), while the top answer for employers was 'supportive' (28%).

HOW EMPLOYERS VS. U.S. WORKERS DESCRIBE THEIR COMPANY CULTURE



"It is no surprise that workers are seeking higher salaries, but it is concerning employers are not seeing eye-to-eye with their workforce on issues related to workplace culture and retention. These disconnects are impeding retention. Employers who will attract and retain diverse, innovative and talented people will not only include the foundation of strong pay and benefits, but will be those who embrace a transparent, inclusive work culture that prioritizes flexibility and communication."

JONATHAN BENNETT, HEAD OF GROUP BENEFITS AT **THE HARTFORD**

Ultimately, the disconnects between employers and U.S. workers are resulting in low job satisfaction that isn't fully recognized by employers.

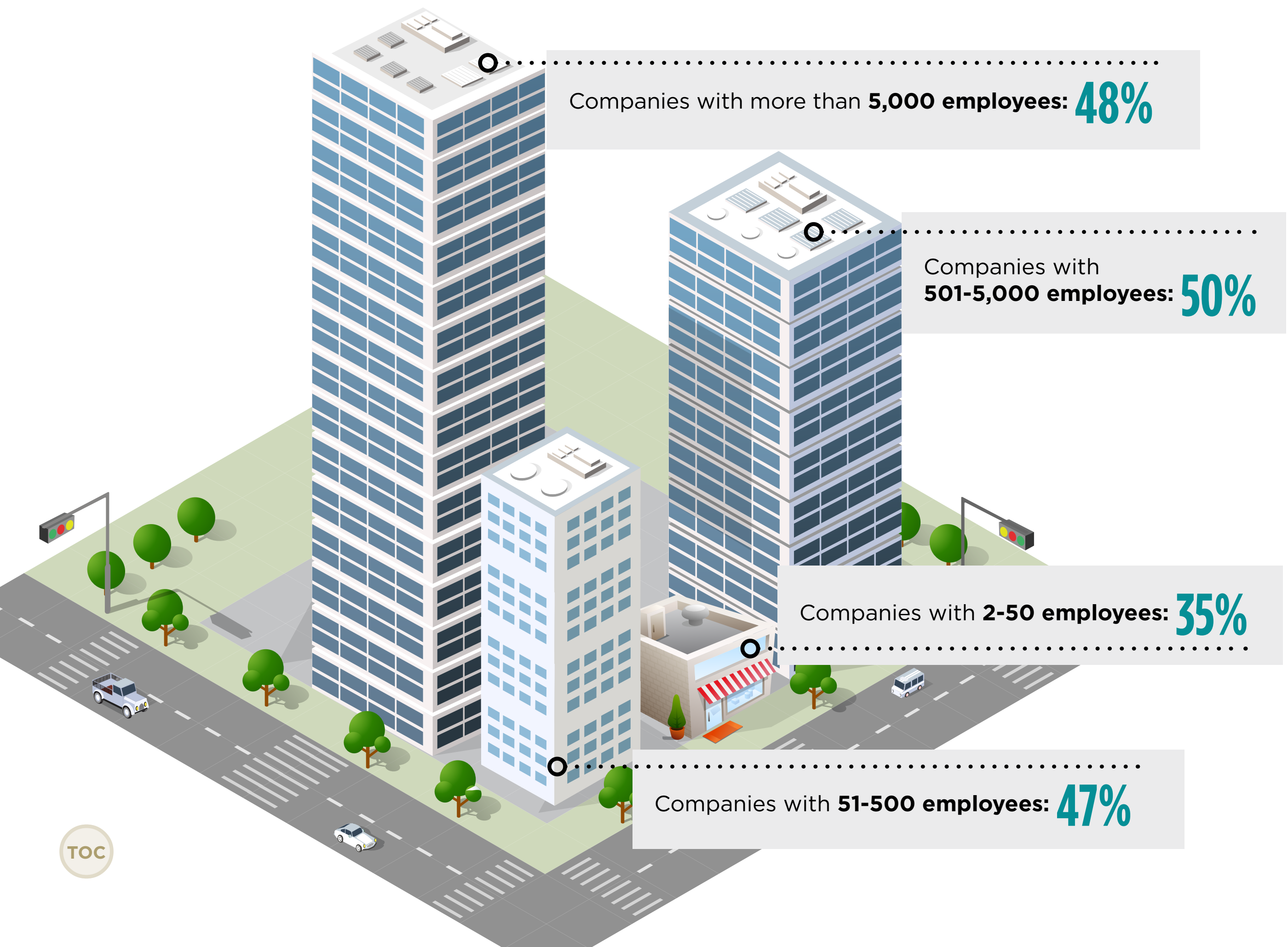
69%

of **employers** think their workers overall are satisfied with their job

48%

but less than half of **workers** agree

JOB SATISFACTION IS LOWEST AMONG WORKERS AT THE SMALLEST COMPANIES



Turnover is placing a burden on workers, many of whom say they are stressed due to being overworked and understaffed (28%). And as more workers leave, it creates a burden on the remaining workers to make up for the work done by their departing colleagues.

KEY INSIGHTS ON THE ROAD TO RETENTION

Foster an open and inclusive work culture in which employees feel comfortable coming forward when they need help with their workload or dealing with stress.

According to Edelman's 2022 Trust Barometer,[2] 74% of Americans trust their employer to do the right thing. Build upon this trust by listening to workers, understanding their perspective and demonstrating how your company appreciates their contributions.

Rather than view these rapid shifts as a problem, employers can view this as a time of opportunity to:

- Reevaluate their offerings, whether that be salary, benefits or activities that positively impact workplace culture
- Gather feedback from their workforce to help make improvements
- Communicate more often about company culture and benefits

THE MENTAL HEALTH DIVIDE

Perceptions of mental health in the workplace and how it's affecting company performance reveal further evidence of the disconnect between employers and U.S. workers. Our data shows most employers feel the deteriorating mental health of their workforce is having a negative financial impact on their company. This concern is validated with more workers reporting they feel anxious or depressed at least once per week in 2022. As employers' productivity-related concerns grew, the number of employers offering employee assistance programs (EAP), wellness benefits and addiction treatment programs dropped from 2020 to 2022.

71% of employers feel the deteriorating mental health of their workforce is having a negative financial impact on their company

34% of U.S. workers reported feeling depressed or anxious at least once per week in 2022 – up from 20% in 2020

68% of U.S. workers report experiencing burnout at work, similar levels to what workers reported in The Hartford's smaller pulse surveys in January and July of 2021 (both 61%)

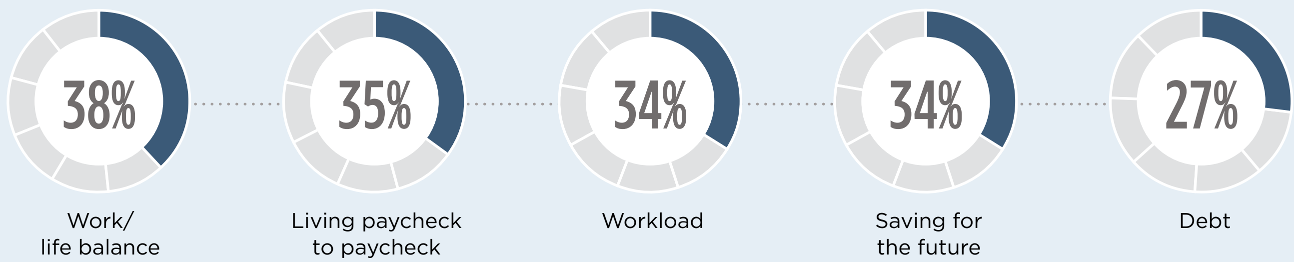
42% of U.S. workers report being highly stressed, an increase from 32% in February 2021

"Our data shows an undeniable, direct correlation between employee mental well-being, mental health support, and the impact to a company's bottom line. Employers who want a contemporary, inclusive workplace that supports its people should proactively invest in mental health, with an eye to empathy and equity. The need is real, and the time is now."

CHRISTOPHER SWIFT, CHAIRMAN AND CEO AT **THE HARTFORD**

Top stressors for workers are largely financial and workplace culture driven, which underscores why many people cite higher wages and company culture as the top two motivators for a job search:

TOP STRESSORS FOR U.S. WORKERS



Despite these increasing numbers related to stress and mental health, employers feel they are properly prepared to support the mental health issues that are affecting workers. The survey results show more employers feel they have offered workers mental health resources than in previous years and that their company culture around mental health has significantly improved. However, workers disagree. They have significantly lower perceptions around mental health in their workplace, including the flexibility provided to them, resources available to them and the impact these resources have had on their own mental health.

GAPS BETWEEN EMPLOYER AND U.S. WORKER VIEWS OF MENTAL HEALTH IN THE WORKPLACE

80% of **employers** feel workers have flexibility in their schedule to get the mental health help they need compared to **53%** of **U.S. workers**.

This is a decrease among **U.S. workers** from **58%** in February 2021

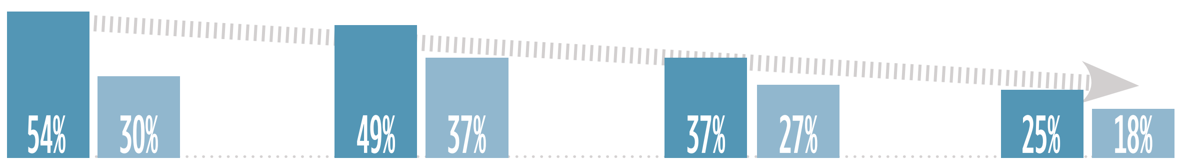
82% of **employers** feel their workforce has more access to mental health resources than in previous years compared to **50%** of **U.S. workers**

82% of **employers** said they have an open and inclusive environment that encourages a dialogue about mental health compared to **48%** of **U.S. workers**

“Some plant managers are very traditional, and they feel like this is the workplace and we don’t talk about that [mental health]. Then you have others who are becoming more open to it. It’s a long journey and it’s not going to happen overnight.”

SENIOR DIRECTOR OF BENEFITS FOR A FOOD MANUFACTURER WITH **5,000 EMPLOYEES**

EMPLOYERS WHO ARE OFFERING WELLNESS BENEFITS AND BEHAVIORAL HEALTH SERVICES DROPPED



54% offered an EAP in March 2020, compared to 30% in February 2022

49% offered wellness benefits in March 2020, compared to 37% in 2022

37% offered behavioral health services in March 2020, compared to 27% in 2022

25% offered substance addiction/misuse programs in June 2020, compared to 18% in 2022

KEY INSIGHTS ON THE ROAD TO RETENTION

The Hartford and its nonprofit partner the National Alliance on Mental Illness (NAMI) recommend employers and workers learn about mental health conditions. Some potential warning signs include:

- Changes in work performance
- Frequent absences or tardiness
- Becoming withdrawn or uncommunicative
- Confused thinking or problems concentrating/learning
- Prolonged or strong feelings of irritability or anger

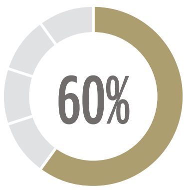
Offer support if you think someone is having trouble. The **NAMI Helpline at 800-950-NAMI** or chat, which provides information regarding available resources, is **available M-F 10 a.m. to 10 p.m.** ET. **In a crisis, text "NAMI" to 741741** for 24/7, confidential, free crisis counseling.

Employers can provide access to an employee assistance program, as well as sleep management, mindfulness or other programs that help improve mental and physical health.

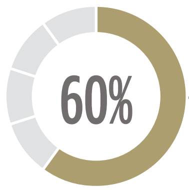
CONTINUED COMPLEXITY OF PAID LEAVE

The paid leave landscape continues to rapidly evolve as more states pass and implement new leave laws and as employers increase their own company leave offerings. Employers say there is no easy way to track and manage all the leave types applicable to their workers, creating a need for more support and information as more states implement paid family and medical leave programs.

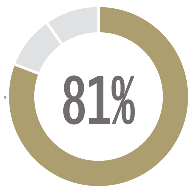
EMPLOYERS AND PAID LEAVE



of employers say there is no easy way to track and manage all of the different types of leave, this is **up from 54% in February 2021 and 48% in March 2020**



of employers say the number of states implementing paid leave programs is becoming too many to accurately support



of employers increased the types of paid time away from work they provide beyond state or federal requirements, **an increase from 75% in February 2021**

Given the complex paid leave landscape, most employers would welcome leave support services provided by their insurance provider or other source:

EMPLOYER INTEREST IN SUPPORT LEAVE SERVICES

Education on how to stay compliant with federal and state regulations: 87%	Education on how different types of leave work together: 86%	Data about trends in claims and usage: 85%
Tools to help manage and track ADA requests: 83%	A service that tracks all leaves in one place: 82%	Return-to-work training following a worker's leave of absence: 82%

Although access to paid leave continues to increase, there is still a perceived stigma associated with taking a leave of absence from work.

35% of U.S. workers believe there is a negative perception associated with taking a leave, an increase from 29% in February 2021

32% of U.S. workers said they are fearful of workplace repercussions if they take a leave, such as getting fired, skipped over for a promotion, or reduced hours

KEY INSIGHTS ON THE ROAD TO RETENTION

The stigma related to leave ties back to company culture and creating an environment in which workers fully understand the leave benefits that are available, and have the assurance and support to take the time off they need to care for themselves or a family member.

Employers and brokers can lean on insurance carrier partners for help developing holistic leave strategies and navigating the growing complexities they face with the administration and management of the different types of leaves and new regulations.

METHODOLOGY

The Hartford's 2022 Future of Benefits Study was fielded Feb. 4 – Feb. 16, 2022, and included 501 employers and 1,001 U.S. workers. The employers surveyed were Human Resources professionals who manage and decide employee benefits, and U.S. workers surveyed were actively employed. The margin of error is employer +/- 4% and employee +/-3% at a 95% confidence level. The Hartford's Future of Benefits study was previously conducted in March 2020, June 2020 and February 2021.

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To learn more about the 2022 Future of Benefits Study and other benefits topics, visit **TheHartford.com/futureofbenefits**

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[1] "Job Openings and Labor Turnover - March 2022" U.S. Bureau of Labor Statistics, May 3, 2022
[2] 2022 Edelman Trust Barometer, Jan. 18, 2022

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