THE HARTFORD'S 2023

FUTURE OF BENEFITS REPORT

MOST U.S. WORKERS ARE HAPPY AT WORK AND AIM TO DO THEIR JOB WELL OR GO ABOVE AND BEYOND, YET BURNOUT LEVELS REMAIN HIGH.

THE HARTFORD

TABLE OF CONTENTS

INTRODUCTION 3
PRECARIOUS STATE OF WORKER HAPPINESS 5
VALUE OF HUMAN CONNECTIONS IN THE WORKPLACE 7
FINANCIAL STRESS AND PRODUCTIVITY 8
BARRIERS TO BENEFITS 9
CONTINUED NEED FOR MENTAL HEALTH SUPPORT 10
METHODOLOGY 11

INTRODUCTION

In many ways, the world of work has entered an experimental era. U.S. employers and workers were forced to rethink decades of workplace culture in the wake of COVID-19. This resulted in what many believed to be a new norm for the 21st century. Returning to "normal" has caused yet another fundamental shift. Business leaders nationwide are engaging in a complex conversation on what employees need to be healthy and prosperous while maintaining business efficiency, team collaboration and a robust company culture.

This conversation is currently dominated by various interrelated topics such as in-person versus hybrid and remote working, office perks, overall worker wellness and flexibility – including a discussion about the four-day work week. In addition, employers and workers continue to navigate the effects of macroeconomic conditions such as inflation and emerging trends in technology, including the growing use of artificial intelligence (AI).

In this period of tremendous change, many U.S. workers face high levels of stress and burnout and difficult decisions for themselves and their families. At the same time, employers are increasingly pressured to meet evolving societally based expectations while ensuring employees feel supported personally and professionally.

Despite these increased pressures, "my employer" is seen as the most trusted institution, according to the 2023 Edelman Trust Barometer. This level of trust is reflected in what The Hartford is seeing in its research. This year's study explores the precarious state of worker happiness and how they approach their work, the value of human connections in the workplace, how financial stress affects productivity, the need for good, easy-to-understand employee benefits and continued expectation of mental health support.

In its fourth year, The Hartford's 2023 Future of Benefits Study surveyed human resource benefit decision-makers (employers) and workers to better understand the critical issues affecting the U.S. workforce in 2023 and provide insights about employee benefits trends and the ever-evolving needs of the U.S. workforce.

"We are in a unique era in the world of work as employers and workers navigate shifting workplace models to discover what will be the new normal. It is encouraging to see most workers are happy in their jobs, but employers must take note of the burnout trend. Companies that have benefits and programs in place to support the personal and professional well-being of their employees will foster a happy, healthy and productive workforce that can help their company thrive."

– Jonathan Bennett
Head of Group Benefits at The Hartford

KEY INSIGHTS

PRECARIOUS STATE OF WORKER HAPPINESS

Most U.S. workers are at least somewhat happy at work and most aim to do their job well or go above and beyond, contrary to the "quiet quitting" trend. But, this happiness is fragile as burnout remains a key concern for employers to monitor closely, particularly regarding work-life balance and employees feeling overworked.

VALUE OF HUMAN CONNECTIONS IN THE WORKPLACE

Amid a robust conversation on shifting workplace structures and policies, U.S. workers see significant value in the connections they form through work. The majority continue to prefer at least some degree of in-person work, which fosters this connectivity.

FINANCIAL STRESS AND PRODUCTIVITY

U.S. workers are stressed about their household finances in today's economic uncertainty. For some workers, it negatively affects their productivity at work more than their mental or physical health – particularly for next-gen workers. U.S. workers would welcome financial education offered by their employer with the top three topics being retirement planning, managing debt and establishing a savings plan.

BARRIERS TO BENEFITS

Employee benefits remain important to support the overall wellness – financial, mental and physical health – of U.S. workers and in helping employers attract and retain talent. Most workers feel positive about the benefits offered in the workplace, and benefits influence their decision to stay in their job. However, the complex language used to describe employee benefits is a barrier for employees to understand, select and use benefits to support their well-being. Most employers believe employees underutilize the benefits and programs available to them, which is likely due in part to the language complexity. U.S. workers welcome resources to help them better understand which employee benefits would be best for them.

CONTINUED NEED FOR MENTAL HEALTH SUPPORT

The need for mental health support in the workplace remains. This is particularly true for next-gen workers who are more likely to report experiencing anxiety and depression. They say their productivity is affected and stigma is a barrier to seeking care. In addition, U.S. workers of all generations believe employers should provide more mental health training for managers and resources to support workers and their families.

PRECARIOUS STATE OF WORKER HAPPINESS

Most U.S. workers are feeling at least somewhat happy at work and most aim to do their job well or go above and beyond, which is contrary to the "quiet quitting" trend. But, this happiness is fragile as burnout remains a key concern for employers to monitor closely, particularly when it comes to work-life balance and employees feeling overworked.

HOW HAPPY U.S. WORKERS SAY THEY ARE AT WORK:

Extremely happy	9%
Very happy	31%
Somewhat happy	44%
Not very happy	11%
Not at all happy	5%

Extremely happy + Very happy + Somewhat happy = 84%

Although work-life balance is a common priority, there is a disconnect between what other factors U.S. workers say make them happy at work and what top actions employers are taking to make employees happy.

Aside from salary, the top 10 drivers of happiness at work for U.S. workers include:

Paid time off	37%
Work-life balance	29%
Sense of accomplishment	27%
Strong connections with co-workers	25%
Flexible schedule	21%
Opportunities for remote work	20%
Manageable workload	18%
Supported with good employee benefits	17%
Serving customers, clients or patients	16%
Overall company culture	14%

Aside from salary, employers are focused on the following to make employees happy at work:

Creating work-life balance	46%
Providing good employee benefits	43%
Improving company culture	39%
Offering flexible schedules	38%
Opportunities for career advancement	37%
Opportunities for remote work	35%
Focus on diversity, equity & inclusion (DEI)	32%
Additional paid time off	31%
Opportunities to connect with co-workers	31%
Employee perks	30%

U.S. workers report experiencing the following at work at least a couple of times a week:

Being treated with respect/dignity	67%
Laughing	66%
Making others laugh	64%
Learning something new/interesting	38%
Being complimented	36%

Although 42% of employers feel their workers' ambitions and job efforts have decreased since the pandemic, most U.S. workers aim to get their work done well or strive to go above and beyond.

How U.S. workers approach their work:

- 43% strive to go above and beyond
- 49% get their work done well
- 4% do the bare minimum to complete their work
- 4% typically do less than what is required

Baby Boomers (52%) are more likely than Gen X (41%), Millennials (42%) and Gen Z (36%) to say they go above and beyond at work

56% of **employers** say workers should always strive to go above and beyond

Burnout remains a concern as many employers expect their workforce to work long hours and be available after normal working hours.

60% of **U.S. workers** are experiencing some level of burnout at work, down from 68% in 2022

57% of **employers** say workers at their company typically work more than 40 hours a week

55% of **workers** say they do

51% of **employers** say workers are expected to be available after normal working hours

34% of **workers** say they feel pressured to be available after normal working hours

Employers and U.S. workers agree that most workers feel at least somewhat secure in their jobs with more than half of each group saying workers are very/extremely secure.

HOW SECURE U.S. WORKERS FEEL IN THEIR JOBS

U.S. workers say they feel:

Extremely secure	16%
Very secure	40%
Somewhat secure	34%
Not very secure	7%
Not at all secure	3%

Employers believe U.S. workers feel:

Extremely secure	10%
Very secure	46%
Somewhat secure	38%
Not very secure	5%
Not at all secure	1%

KEY TAKEAWAYS

- Remind managers to be generous with praise for workers doing a good job. It goes a long way in demonstrating that they are valued. Since fewer than half of workers say they are complimented a couple of times a week, this can increase their sense of accomplishment.
- Watch out for signs of burnout and direct workers to resources you may offer that could help such as an employee assistance program (EAP) or other wellness programs or apps. Signs of burnout, according to the Mayo Clinic may include:
  - » Becoming cynical or critical at work
  - » Trouble getting started
  - » Irritable or impatient with co-workers, customers or clients
  - » Lack of energy to be consistently productive
  - » Difficulty concentrating
- Continue to offer flexibility in the workplace.

VALUE OF HUMAN CONNECTIONS IN THE WORKPLACE

Amid a robust conversation on shifting workplace structures and policies, U.S. workers see significant value in the connections they form through work. The majority continue to prefer at least some degree of in-person work, which fosters this connectivity.

67% of **U.S. workers** say they have strong personal connections with co-workers

This is higher for those who work in person:

In-person workers	71%
Hybrid workers	67%
Remote workers	59%

The majority of both employers and workers feel strong personal connections with co-workers are important:

U.S. workers	69%
Employers	80%

Workers feel these connections across industries, with finance/insurance and professional services/scientific/technical being the lowest (**60%**) and government, healthcare and retail/wholesale being the highest (**77%**, **71%** and **71%**, respectively).

Both employers and U.S. workers believe it is important for newer employees to be mentored by more experienced employees:

U.S. WORKERS	EMPLOYERS
83%	85%

Older workers are more likely to say mentorship is important:

BABY BOOMERS	86%
GEN X	86%
MILLENNIALS	82%
GEN Z	70%

In-person work continues to drive workplace connections but employers and workers are somewhat divided on the impact of workplace locations.

61% of **employers** say their employees miss the personal connections with co-workers when working remotely, compared to **43%** of **workers** who say they miss the connections

63% of **employers** require employees to come into the physical workplace more often

53% of **employers** believe their employees prefer to work remotely full time if allowed but only **21%** of **U.S. workers** prefer to do so

The ideal number of days U.S. workers would like to be in a physical workplace:

Prefer to work remotely full time	21%
One day	6%
Two days	11%
Three days	17%
Four days	20%
Prefer working in the workplace full time	25%

KEY TAKEAWAYS

- Continue to enhance employee engagement efforts and strengthen the emotional connection between employees and their work, their teams and the business.
- If there is a mix of in-person, hybrid and remote workers, create meaningful opportunities for the team to come together in person or virtually periodically.
- Encourage connections through mentorship to help enhance development and training programs.

FINANCIAL STRESS AND PRODUCTIVITY

U.S. workers are stressed about their household finances in today's economic uncertainty. For some workers, it negatively affects their productivity at work more than their mental or physical health – particularly for next-gen workers. U.S. workers would welcome financial education offered by their employer with the top three topics being retirement planning, managing debt and establishing a savings plan.

How stressed U.S. workers feel when thinking about their household finances:

Extremely	16%
Very	23%
Somewhat	37%
Not very	20%
Not at all	4%

How secure U.S. workers feel about their finances:

Extremely	3%
Very	17%
Somewhat	47%
Not very	23%
Not at all	10%

One-third of workers do not feel secure about their household financial situation. This is highest among Millennials (38%) compared to Baby Boomers (29%), Gen X (31%) and Gen Z (28%).

Financial stress negatively impacts worker productivity more than mental or physical health. Mental health is the top priority for employers.

U.S. workers who say the following always or almost always affects their productivity at work:

Financial health	30%
Mental health	24%
Physical health	18%

Mental health is the top priority for employers over physical and financial health:

Mental health	43%
Physical health	41%
Financial health	16%

Financial education is not a one-size fits all approach, with retirement planning being more important to older generations and budgeting and establishing a savings plan being more of a focus for the younger workforce.

U.S. workers would welcome financial education, with the top five topics being:

Retirement planning	57%
Managing debt	38%
Establishing a savings plan	33%
Basic budgeting	29%
Tie between establishing an emergency fund and assisting with tax support	28% / 28%

U.S. workers are most likely to look for financial advice resources from their employers when they are:

Planning for retirement	37%
Unable to work for a period of time due to illness or injury	30%
At open enrollment time to help figure out what benefits they should select	25%
When they have a financial emergency	25%
When money is tight	25%

KEY TAKEAWAYS

- Communicate often about any financial support services you may offer, including basic financial planning education.
- Educate your workers about how the employee benefits you offer can help protect their paycheck when they are faced with an unexpected injury or illness.
- Demonstrate to your workforce that you care about their overall wellness and foster a work environment in which workers feel comfortable seeking help when needed.

BARRIERS TO BENEFITS

Employee benefits remain important to support the overall wellness – financial, mental and physical health – of U.S. workers and in helping employers attract and retain talent. Most workers feel positive about the benefits offered in the workplace, and benefits influence their decision to stay in their job. However, the complex language used to describe employee benefits is a barrier for employees to understand, select and use benefits to support their well-being. Most employers believe employees underutilize the benefits and programs available to them, which is likely due in part to the language complexity. U.S. workers welcome resources to help them better understand which employee benefits would be best for them.

78% of **employers** are very/extremely interested in overall employee wellness

Impact of employee benefits on a U.S. worker's decision to stay with their current employer:

Significant 35%/ Moderate 37% — 72%
Slight — 19%
None — 9%

79% of **U.S. workers** value the insurance benefits their company offers, the same level as in 2022

64% of **U.S. workers** trust their company is making the best decisions about the benefits they make available, an increase from **59%** in 2022

There is a distinct need for better benefits education and resources to support the overall wellness of workers.

92% of **employers** say it is important to help employees realize the benefits offered are meant for someone like them

Though down from **76%** in 2022, the majority of **employers** (**57%**) still say educating workers about benefits is a challenge. This decline is likely in part due to challenges communicating with employees during the pandemic.

68% of **employers** say **workers** underutilize the services, benefits and programs available, in line with **70%** in 2022

There is a need to simplify benefits education to help workers understand which benefits may best fit their needs:

38% of **U.S. workers** say the names and descriptions of employee benefits are confusing to them

61% of **employers** say the names and descriptions used to describe employee benefits can be confusing to workers

42% of **U.S. workers** say their company needs better resources to help them understand their benefits

58% of **employers** say their company needs better resources to help employees understand their benefits

35% of **U.S. workers** do not understand the supplemental benefits that are offered to them by their employer and what they cover

49% of **employers** believe employees do not understand the supplemental benefits they offer and what they cover

Younger workers are more likely to think certain benefits offered to them in the workplace are not meant for them.

BENEFIT IS MEANT FOR SOMEONE ELSE	GEN Z	MILLENNIALS	GEN X	BABY BOOMERS
Accidental death & dismemberment insurance	44%	37%	26%	28%
Accident insurance	34%	25%	26%	28%
Critical illness insurance	52%	43%	37%	30%
Hospital indemnity insurance	52%	47%	39%	31%
Life insurance	24%	14%	13%	16%
Long-term disability insurance	62%	42%	26%	23%
Short-term disability insurance	50%	29%	23%	20%

KEY TAKEAWAYS

- Help U.S. workers better understand their benefit options by simplifying how you talk about them.
- Use storytelling to demonstrate how the benefits are relevant to an employee's unique lifestyle.
- Encourage workers to re-evaluate their benefit options each year as their life circumstances may have changed, which may alter what benefits fit their needs.

CONTINUED NEED FOR MENTAL HEALTH SUPPORT

The need for mental health support in the workplace remains. This is particularly true for next-gen workers who are more likely to report experiencing anxiety and depression. They say their productivity is affected and stigma is a barrier to seeking care. In addition, U.S. workers of all generations believe employers should provide more mental health training for managers and resources to support workers and their families.

THE EMERGING WORKFORCE IS DISPROPORTIONATELY AFFECTED BY DEPRESSION, ANXIETY AND GENERAL STRESS

30% of U.S. workers in 2023 reported feeling depressed or anxious at least a few times per week

44% of Gen Z workers reported feeling depressed or anxious at least a few times per week

Gen Z workers are more likely than other generations to indicate stigma prevents them from seeking mental health care:

GEN Z	41%
MILLENNIALS	38%
GEN X	30%
BABY BOOMERS	22%

U.S. workers from all generations believe employers should provide:

More mental health training for managers	58%
Additional mental health tools for employees	59%
Better resources to help employees support their dependents' mental health	58%

Most **employers** agree that managers need additional training (71%) and mental health resources (65%), but half said a lack of funding prevents them from doing so

64% of **employers** feel the deteriorating mental health of their workforce has a negative financial impact on their company, which is down compared to 71% in 2022

The mental health divide between employers and employees on company culture and flexibility has continued year over year.

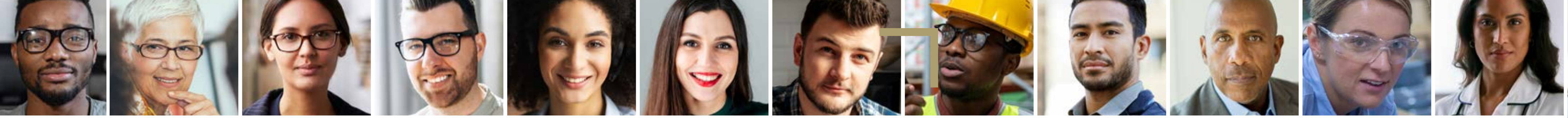
75% of **employers** say their company has an open and inclusive environment, encourages a dialogue about mental health but only **48%** of **U.S. workers** agree

77% of **employers** say employees have the flexibility to get the mental health help they need compared to

53% of **U.S. workers** who say they have flexibility in their schedule to get mental health help

KEY TAKEAWAYS

- Lead with empathy.
- Cultivate inclusive and collaborative workplaces that foster connections and provide more resources tailored to the unique needs of employees and their families.
- Offer programs and services such as an EAP or other wellness programs or apps to help improve mental health, and communicate often about what is available to employees. Regularly review existing mental health resources to ensure they are in line with workers' needs.



STUDY METHODOLOGY

The Hartford's 2023 Future of Benefits Study was fielded Feb. 14 - Feb. 28, 2023 and included 500 employers and 1,100 U.S. workers. The employers surveyed were HR professionals who manage/decide employee benefits and U.S. workers surveyed were actively employed. The margin of error is employer +/- 4% and U.S. worker +/-3% at a 95% confidence level. The generational breakdowns in The Hartford's 2023 Future of Benefits Study are: 1997 to 2004 (ages 21-26) for Gen Z; 1981 to 1996 (ages 27-42) for Millennials; 1967 to 1980 (ages 43-56) for Gen X; and 1955 to 1966 (ages 57-68) for Baby Boomers.

TOC

To learn more about the 2023 Future of Benefits Study and other benefits topics, visit **TheHartford.com/futureofbenefits**

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Business Insurance
Employee Benefits
Auto
Home