

An aerial photograph of a large crowd of people, each holding a colorful umbrella. The umbrellas are in various colors including white, green, red, blue, yellow, and pink. The scene is viewed from directly above, creating a dense pattern of colorful shapes. The background is dark, suggesting a night or low-light setting.

2017 Global Benefits Attitudes Survey

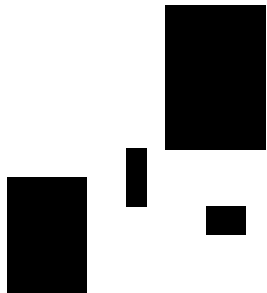
The employee voice: more security,
more flexibility, more choice

2017 Global Benefits Attitudes Survey

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1. Key findings

Changing economic and workplace dynamics are driving employers to redefine the benefit programs they offer to their employees. Meanwhile, employees are responding to the same developments and conditions, albeit from a different perspective. Today's employees are saying:

“Understand my needs,” “I want more security” and “give me more choices and flexibility.”

As many employers review their benefit programs, the Willis Towers Watson Global Benefits Attitudes Survey (GBAS) seeks to understand the employee perspective and answer the question: What benefits do employees need and value most?

Key findings include:

- Benefits matter more than ever. Employees' long-standing desire for greater security continues to intensify.
- Employees – particularly younger employees – want more benefit choices. Those with choice and flexibility today are twice as likely to feel their benefit program meets their needs.
- In many countries, employees are increasingly concerned about their finances, both immediate and long term.
- More than one-fifth of employees expect to still be working at age 70 or later. Over 60% say their employer retirement plan is their primary means of saving for retirement.
- Employees look to their employers for support in improving their health and well-being, and becoming more financially secure.
- Although companies are responding with programs that support physical, emotional, financial and social well-being, employees are lukewarm about what they have seen so far.
- Employee engagement in well-being programs remains low. Designing programs that leverage the workplace environment and promote the use of new technologies is strongly linked to more positive attitudes about a company's well-being efforts and to health engagement.

2. About the survey

For over a decade, Willis Towers Watson has been examining trends in employees' attitudes toward their benefits across several countries. Since 2013, the surveys and analysis have been performed on a globally consistent basis, providing detailed insights that can guide employers in developing benefit programs that are both attractive to employees and cost effective.

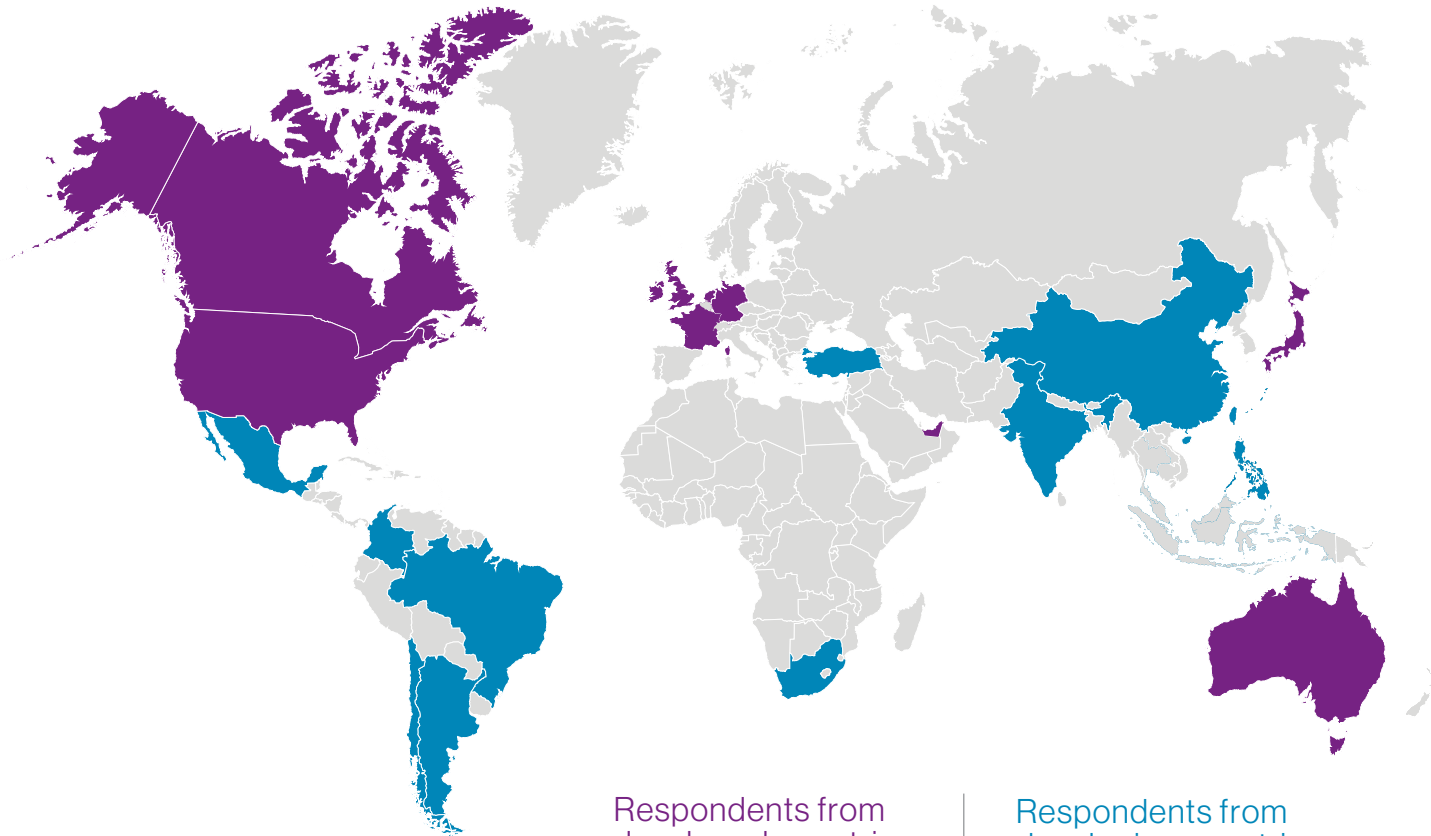
This latest biennial edition of GBAS analyzes more than 31,000 employee responses in 22 markets, including representative samples from medium and large private-sector companies. This report represents a high-level summary of the survey results.

The 2017 survey takes an in-depth look at the role of benefits in defining and differentiating today's employee value proposition. The analysis explores the extent to which benefits individually and collectively shape employees' actions; how closely they are aligned with employees' employment and lifestyle priorities; and their links to stress, absence, presenteeism¹ and work engagement.² The report focuses on four aspects of employee attitudes and how they affect the benefit deal:

- Benefit preferences
- Retirement expectations
- Financial well-being
- Health and well-being

¹Presenteeism is when an employee is physically at work but not fully productive due to physical or mental health conditions, or to stress related to job, personal or financial matters.

²Work engagement (a measure we call sustainable engagement) is the intensity of employees' connection to their organization, based on three core elements: (1) extent of employees' discretionary effort committed to achieving work goals (being engaged), (2) an environment that supports productivity in multiple ways (being enabled), and (3) a work experience that promotes well-being (feeling energized).



Respondents from developed countries

Total respondents: 19,374

Australia	1,008
Canada	1,349
France	981
Germany	2,023
Hong Kong	985
Ireland	758
Japan	1,498
Singapore	988
The Netherlands	986
U.A.E.	992
U.K.	2,824
U.S.	4,982

Respondents from developing countries

Total respondents: 11,866

Argentina	970
Brazil	990
Chile	993
China	1,996
Colombia	986
India	1,988
Mexico	994
South Africa	998
The Philippines	999
Turkey	952

Total number of respondents: 31,240

3. The changing benefit landscape

It has been a decade since the financial crisis started in the U.S. and then overwhelmed the global economy. Over the ensuing 10 years, global economic growth has generally remained moderate, leaving most countries somewhere short of full recovery and increasing the pressure on government finances, employer costs and household budgets alike.

Together with shifting workforce demographics and the breakneck pace of technological advances, these forces have significantly altered the employee benefit landscape. Many of these forces have been brewing for decades, but today they are coming together to create an opening for employers to offer a new proposition. And ideas that were not technologically feasible or cost effective before can now be realized.

We identify seven trends that are impacting employee benefits today:

1. Shift to defined contribution arrangements: As the cost and financial risk of maintaining defined benefit (DB) retirement plans became increasingly untenable, the investment and other risks inherent in securing a retirement income have been transferred to employees. Concurrently, the defined contribution (DC) funding approach is also filtering into health care provision. It is becoming clear, however, that insufficient savings coupled with mediocre economic growth and low interest rates will not deliver the retirement income that many employers and employees had hoped for, prompting questions about how well the DC model is working.

2. Rising health care costs: Escalating health care costs over the last decade – far in excess of general inflation rates³ – have prompted many employers to pass a larger share of cost and risk to employees through arrangements such as higher copayments and deductibles.

3. Tightening of public purses: Aging populations and weak public finances have forced many governments to restrict or delay public retirement benefits, placing even greater pressure on private retirement saving.

4. Multi-generation workforce: An increasing number of older employees are delaying their retirement because they can't afford to stop working, while millennials' financial outlook is clouded by mounting student debt and high housing costs. These different financial priorities are leading to diverging preferences between young and old, challenging employers on how to satisfy everyone.

³Willis Towers Watson Global Medical Trends Survey (2017).



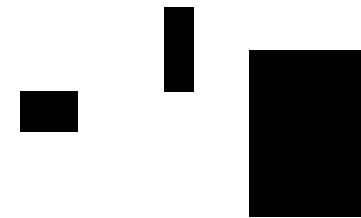
5. Technological innovation: Changes to the ways most people shop and go about their daily lives are prompting them to expect similar innovation (online tools and apps) in their benefit experiences. Technology has reduced the costs of providing benefits and enabled greater benefit plan integration and more choice. New delivery platforms are enabling employers to realize many ideas that have been percolating for decades (and to do so in a cost-effective, engaging way).

6. Focus on health and well-being: Rising rates of obesity and chronic conditions, and greater awareness of stress and other mental health issues have prompted employers to redouble their efforts to improve the health and well-being of their workforce. Many employers have added programs – in some markets decades ago – to help employees adopt healthier lifestyles, to hold the line on health care costs and to improve productivity.

7. Emergence of financial well-being: Employers are focusing more attention on financial insecurity and other workforce concerns, particularly the near-term financial challenges many employees are living with.

Employers know that many of their employees are struggling and want to help. They are interested in expanding their benefit package and incorporating a greater focus on employee well-being.

Many companies intend to offer a wider selection of benefits and more options, including health, well-being and financial well-being initiatives, while remaining mindful of the potential for choice overload. Employers also plan to enhance employees' benefit experience with more and better online tools and changes in the workplace to reinforce their strategy and connect with workers on a day-to-day basis.⁴



⁴See Willis Towers Watson's U.S. Best Practices in Health Care Survey (2017) and Regional Benefits Trends Survey (2017).

4. Under pressure: employees' health and finances



Physical and emotional health

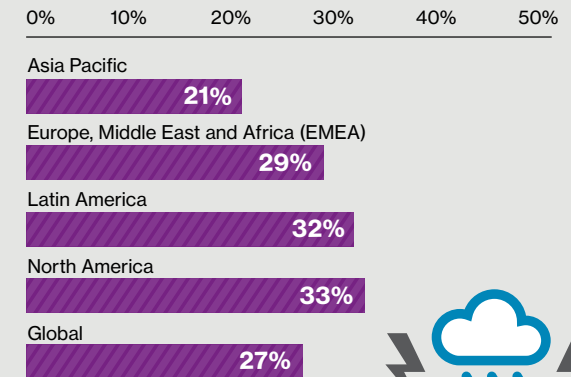
In many developed countries, inactivity is a growing health challenge. According to the World Health Organization (WHO), between a quarter and a third of adults globally are not active enough, and this is having long-term effects on their health.⁵ Obesity rates and chronic conditions are increasingly prevalent around the world, and not just in rich countries. In response, employers are seeking physical health and well-being solutions for their workforces, both to reduce costs and in recognition of the links between health, well-being and productivity.

While employees' physical health has always been on employers' radars, mental health and stress are receiving more attention of late. Mental health issues are widespread around the world, with around three in 10 employees reporting they have suffered from severe stress, anxiety or depression in the last two years (Figure 1).

Employers increasingly recognize mental health and stress among the biggest challenges to health and well-being in the workplace, and many are trying to find better ways of reducing work-related stress.

Around half of employers have either introduced initiatives to reduce stress or are planning to do so.⁶

Figure 1. Around three in 10 workers report severe stress, anxiety or depression within the last two years

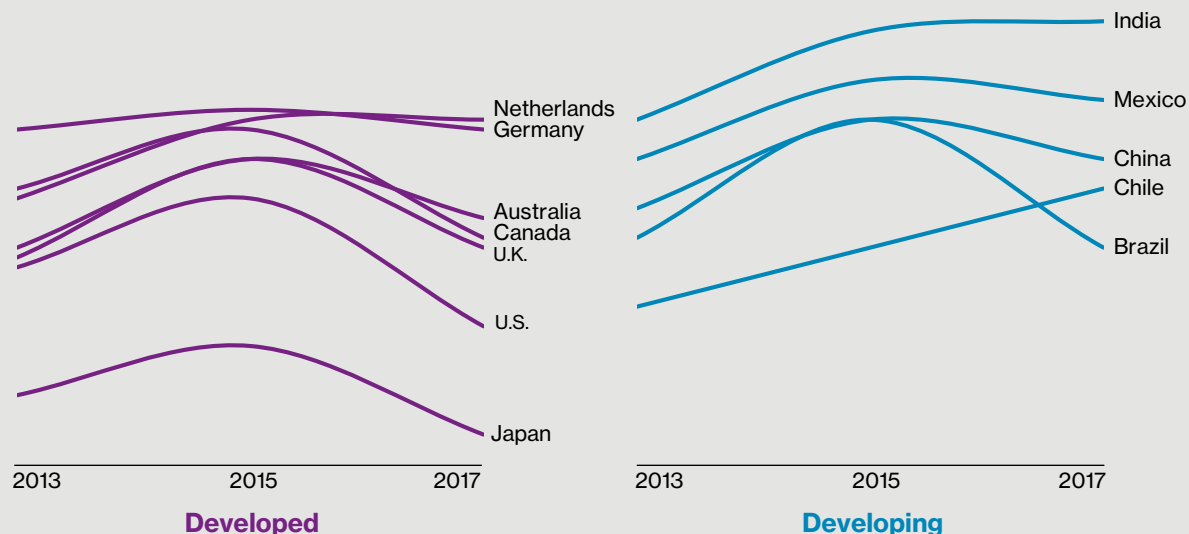


Sample: All employees. Except U.S. and Canada, full-time employees only.

⁵See World Health Organization's Global Health Observatory Data Repository, apps.who.int/gho/data/view.main.2482?lang=en

⁶See Willis Towers Watson's Regional Benefits Trends Survey (2017)

Figure 2. **Thinking about all aspects of my financial situation, I am satisfied with where I am today**



Source: 2013, 2015 and 2017 Global Benefits Attitudes Survey. Percentages indicate “Strong agree” or “Agree”.
 Sample: All employees. Except U.S. and Canada, full-time employees only.

Short-term financial security

Alongside this focus on physical and emotional health, employers increasingly recognize the stress that can arise from financial insecurity. This has contributed to financial well-being emerging as a near-term priority for many employers, with many companies planning to offer or expand upon their current financial well-being initiatives.⁷

Recent trends suggest that these employer interventions cannot come soon enough. Financial satisfaction has taken a turn for the worse in most countries, reversing the gains enjoyed from 2013 to 2015 (Figure 2). Attitudes have deteriorated in most developed countries and in many developing markets as well. The U.S. presents a particularly gloomy picture, with financial satisfaction plunging by 13 percentage points between 2015 and 2017 – from 48% to 35%.

Falling financial satisfaction rates are somewhat surprising, given that economic growth has been positive — albeit far from stellar — while equity markets are at or near record highs.

And deteriorating satisfaction is not confined to the U.S. and U.K., where political uncertainty has intensified, although upheavals in both countries might be reverberating beyond their borders.

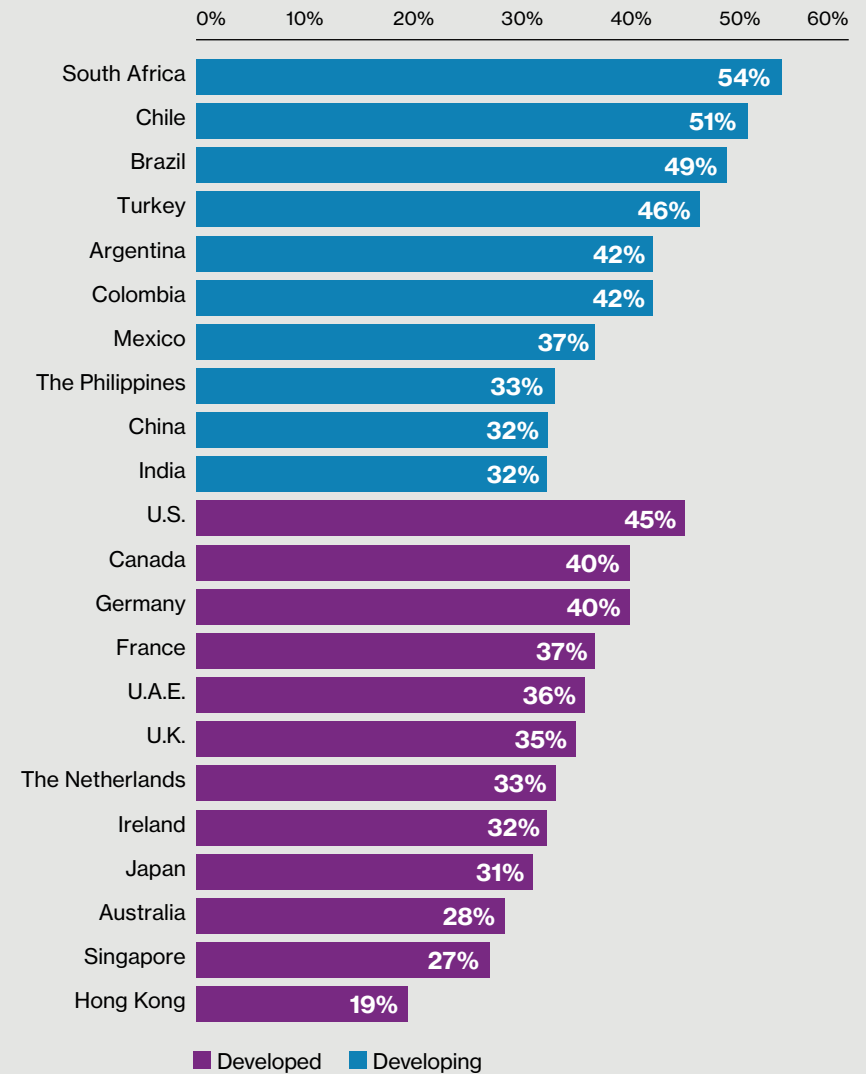
⁷See Willis Towers Watson’s U.S. Best Practices in Health Care Survey (2017) and Regional Benefits Trends Survey (2017)

There is also evidence of more widespread deterioration of household financial positions, with savings on the decline and debt levels on the rise in many countries, possibly linked to low interest rates, minimal real wage growth and the unaffordability of housing for many young workers. A significant percentage of employees have almost no savings cushion (Figure 3).

As further evidence of low financial resilience, a significant number of employees report they would have a hard time raising the money for an emergency expense.

- In the Eurozone countries (France, Germany, Ireland, Netherlands), around 30% of employees say they cannot come up with €2,000 in an emergency.
- Comparable percentages of workers in Australia (23%), Canada (29%) and the U.S. (37%) could not quickly raise \$2,000 (local currency).
- Financial resilience is higher in Japan and Hong Kong. Only 10% of employees in Japan and 19% in Hong Kong could not come up with ¥200,000 or HK\$16,000, respectively.
- U.K. employees displayed the lowest levels of financial resilience, with 41% unable to pay an unexpected expense of £1,600.

Figure 3. A substantial number of employees live paycheck to paycheck



Note: Percentage agree or strongly agree
 Sample: All employees. Except U.S. and Canada, full-time employees only.

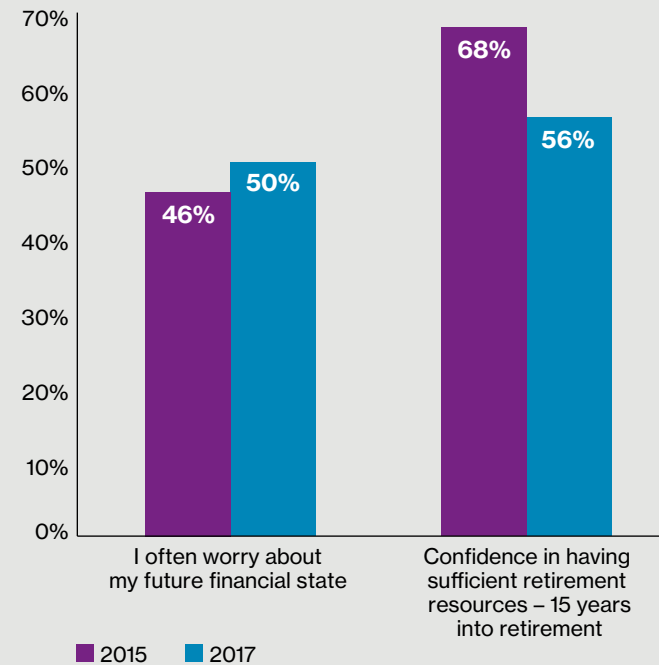
Retirement confidence

Given that a sizable number of employees are living paycheck to paycheck, it is unsurprising that longer-term financial confidence has eroded as well (Figure 4). Nearly two-thirds of employees believe they will be worse off in their old age, relative to their parents' generation.

Concern is widespread about whether employees are saving enough for retirement, especially in a defined contribution world.

Many experts and policymakers also worry that leakage from the U.S. retirement system – via loans, hardship withdrawals or other cash-outs – threatens the long-term retirement readiness of many employees.⁸

Figure 4. **Employees' confidence in their longer-term financial situation has eroded**



Note: Percentage agree or strongly agree, somewhat confident or very confident
Sample: All employees. Except U.S. and Canada, full-time employees only. Country sample includes: Australia, Brazil, Canada, Chile, China, Germany, India, Japan, Mexico, Netherlands, U.K., U.S.

⁸See Securing Our Financial Future: Report of the Commission on Retirement Security and Personal Savings, June 2016. cdn.bipartisanpolicy.org/wp-content/uploads/2016/06/BPC-Retirement-Security-Report.pdf

Across the developed economies in our survey, roughly three in 10 employees expect to work to age 70 or beyond, ranging from lows of 7% to 8% in France and Germany – countries with more generous public retirement programs – to highs of one-third or more in the U.K., Australia, and the U.S. – where individuals bear greater responsibility for providing for their retirement income (Figure 5). Almost one-half of Japanese workers expect to retire at 70 or later, and with the official Japanese retirement age expected to rise, there has been public debate about further raising official retirement ages well into the 70s.

Consistent with workers accepting later retirements, old-age labor force participation rates have risen across most developed countries. By 2016, the old-age labor force participation rate was 11% in the U.K. (compared with 7% a decade earlier), 14% in Canada (8% in 2006), 19% in the U.S. (15% in 2006) and 23% in Japan (20% in 2006).⁹

The trend toward later retirement is also fueled by ongoing reforms (Figure 6) to public retirement programs and – particularly in the U.S. and U.K. – the transition from DB to DC retirement benefits. Among U.S. workers still fortunate enough to participate in an ongoing DB retirement plan, roughly 18% expect to be working at age 70 compared with 36% of DC-plan-only employees (19% and 31%, respectively, in the U.K.).

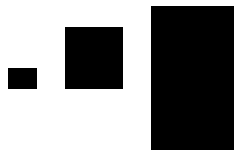


Figure 5. **Many employees expect to work to age 70 or later**

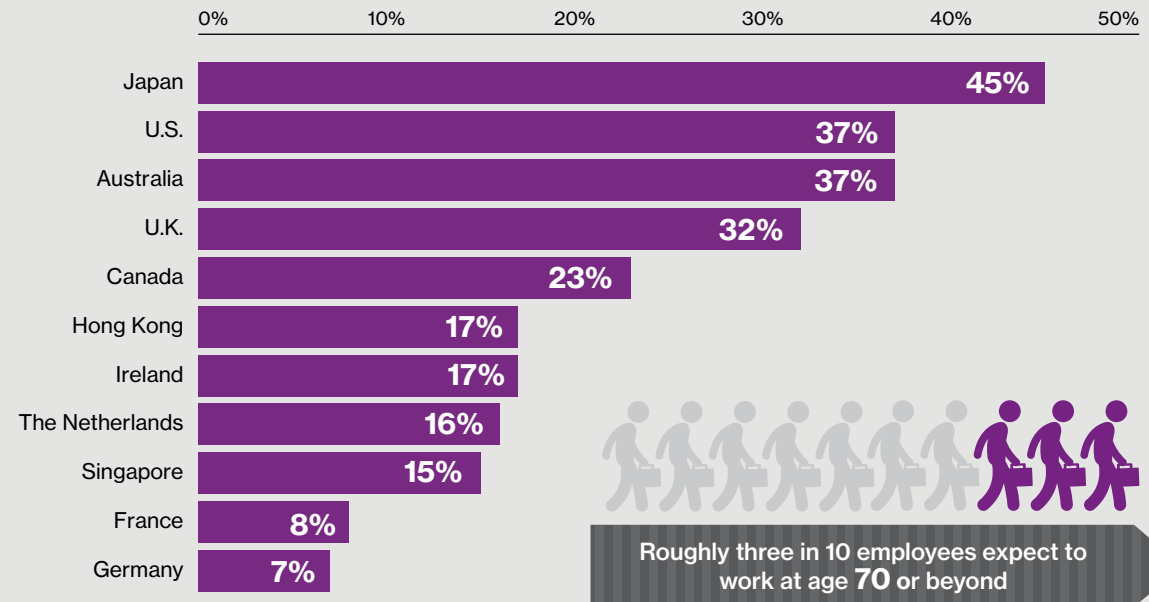


Figure 6. **Recent retirement reforms around the world, 2014 – 2017**

Reductions in generosity	Cuts in retirement payments (Japan) or increases in retirement age (Colombia, India, U.K.)
Public protests	Protests against “cuts” in retirement benefits (Brazil) or inadequacy of retirement outcomes (Chile)
Ongoing shift to individual DC plans	Continued moves to DC (Germany, Japan, Netherlands, Turkey)
More flexibility and choice around retirement savings	Shifts toward more flexible forms of DC (relaxed requirements to annuitize in U.K., possible pension reform in Netherlands)
Constraints on tax generosity	Constraints on the tax exemption for retirement saving for high earners (Australia, Canada, U.K.)

⁹OECD (2017), Labour force participation rate (indicator).

Why employers care: the business case

Is the health and financial well-being of employees a business issue for employers? Absolutely.

This research confirms that employees' personal health and financial well-being have wider business implications.

Employees who are in the poorest health report more than double the number of absences and more than 25% higher presenteeism than other colleagues. They are also more than twice as likely to be disengaged from their jobs and almost three times as likely to experience high stress as those in very good health (Figure 7).

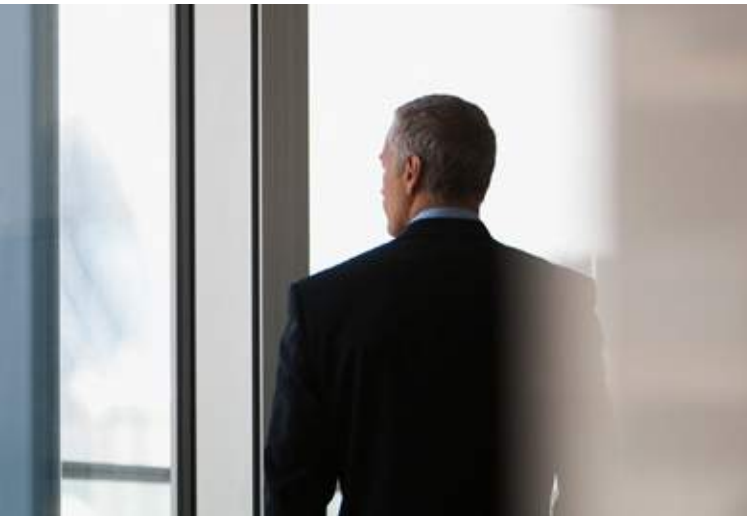
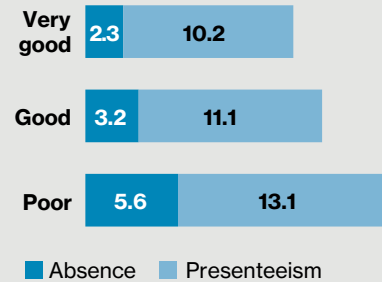
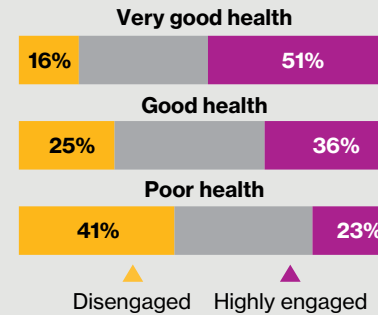
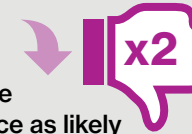


Figure 7. Poor health is linked to more absences, lower engagement and higher stress levels

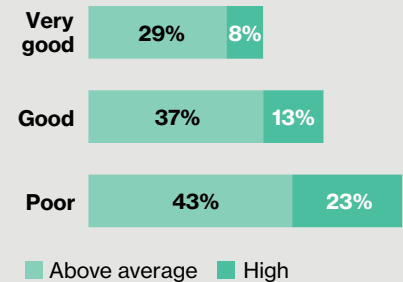
The number of days lost increases for those in poor health



Workers with poor health are more than twice as likely to be disengaged



Stress increases for those in poor health



Sample: All employees. Except U.S. and Canada, full-time employees only.



41%

Unworried

Employees are not worried either for the short or long term



29%

Future worries

Employees experiencing long-term worries only



10%

Current worries

Employees experiencing short-term worries only



20%

Struggling





Employees worried about both the short and long term

We define four types of employees, based on whether financial problems are affecting their life, the extent of their worry about their current or future financial state, and their retirement confidence.

The link between financial struggles and employee health and productivity are possibly even stronger. Employees who are troubled by their finances are twice as likely to be in poor health as those who declare themselves financially “unworried.” They also report considerably higher stress levels, more absence and presenteeism, and significantly lower levels of work engagement (*Figure 8*).

Among workers who are struggling, high levels of disengagement could persist well into old age, as many of them cannot afford to retire. Over 60% of financially struggling workers aged over 50 in developed economies would like to retire as soon as possible. Yet, despite being the most eager to retire, around half of these employees expect to be working into their 70s, which could result in a substantial group of discouraged and disengaged older workers. The likelihood of “hidden pensioners” was one reason for the birth of DB pension plans.¹⁰ How can employers help these employees today so they won’t become hidden pensioners in the future?

Figure 8. **The links between financial worries, stress and poor health**

	 Unworried	 Future worries	 Current worries	 Struggling
Money concerns keep me from doing my best at my job (percentage agree or strongly agree)	7%	9%	47%	39%
Percentage with high sustainable engagement	48%	26%	53%	28%
Days lost to absence (full-time equivalent)	2.8	3.4	4.5	4.4
Days lost to presenteeism (full-time equivalent)	9.7	11.5	13.2	13.4
Percentage with above-average or high stress	35%	53%	60%	70%
Poor health	17%	32%	19%	34%

Sample: All employees. Except U.S. and Canada, full-time employees only.

¹⁰Birchard E. Wyatt, “Private Group Retirement Plans,” Ph.D. dissertation, Columbia University, 1936.

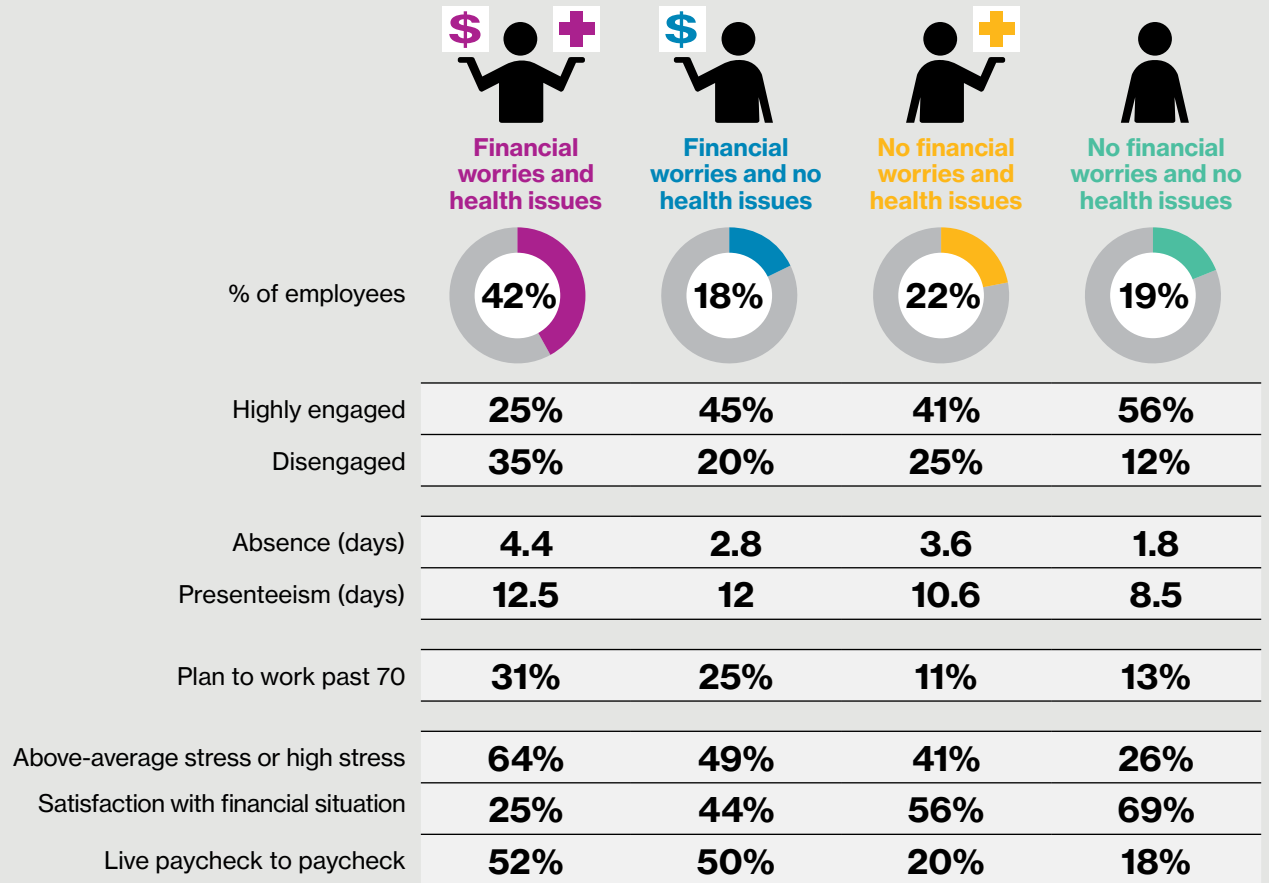
Over 40% of employees are dealing with both health challenges and financial worries, and it is detracting from their performance at work (Figure 9). This group has the highest rates of absence, presenteeism and stress, and are the least engaged – 35% are disengaged and only 25% are highly engaged. Nearly one-third of employees in this group plan to work to age 70 or later.

These results highlight the importance of adopting a holistic view of employee health and possible contributing factors, such as financial insecurity and stress. Concentrating narrowly on single problems and point-solutions may not address the magnitude and complexity of employee challenges and their ripple effects in the workplace.

Looked at as a whole, the numbers strongly support the business imperative of a stronger focus on employee well-being: physical, emotional, financial and social.



Figure 9. Health and financial issues are linked to engagement, absences and stress

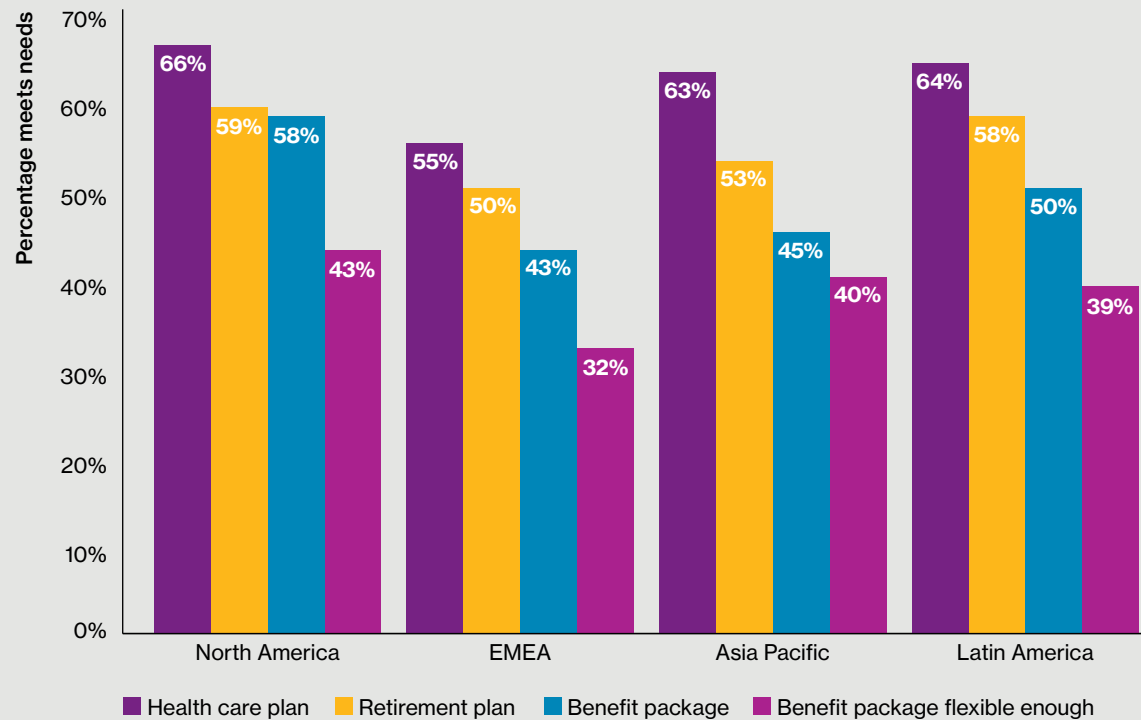


Sample: All employees. Except U.S. and Canada, full-time employees only.

5. The benefit deal: the employee perspective

Employees are relatively satisfied with their core retirement and health benefits. Between one-half and two-thirds of employees say their retirement and health care benefits meet their needs, but less than half and as low as one-third of employees believe their overall benefit package offers sufficient choice and flexibility (Figure 10).

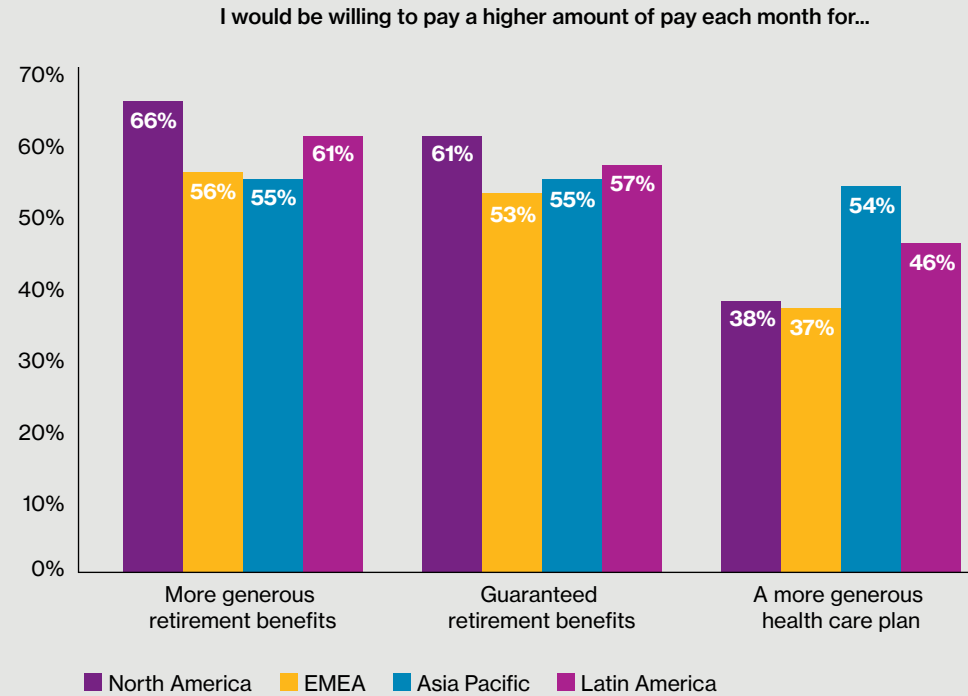
Figure 10. **Employees appreciate core benefits but would like more flexibility and choice**



Sample: All employees. Except U.S. and Canada, full-time employees only.



Figure 11. **Many employees are willing to pay for better benefits**



Note: Percentages indicate "Agree" or "Strongly agree."
 Sample: All employees. Except U.S. and Canada, full-time employees only.

It appears that employees want to preserve their core health and retirement benefits but be able to add more diverse options that serve their needs.

A strong desire for greater security underlies employees' contentment with their core benefits, as many employees are willing to divert some share of their pay to obtain

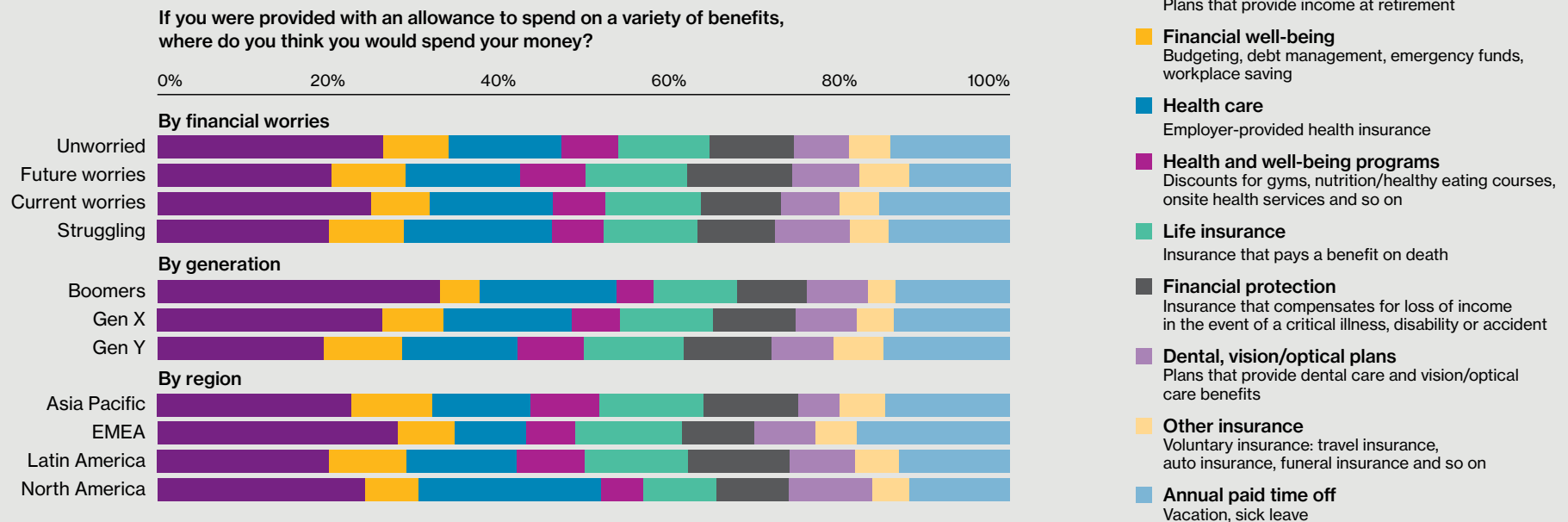
more generous and secure benefits (*Figure 11*). Long-term stagnant wage growth in many countries and prospects of less generous social security programs may increase feelings of financial vulnerability and the consequent yearning for more certainty and benefit generosity.

When employees were asked how they would allocate their benefit budget, their priorities varied considerably by group (Figure 12). Reflecting their desire for security, employees rate health and retirement benefits highest. But employees also express interest in nontraditional benefits, such as insurance products to protect one's financial position, well-being benefits and paid leave. A one-size-fits-all approach clearly cannot meet the needs of today's diverse workforce.

The question for employers is how to provide a wider array of benefit choices and still protect employees' core benefits. How can employers meet growing concerns about short-term financial security while still promoting retirement savings? And how do they meet the myriad needs of a diverse workforce without overloading employees with too many choices?



Figure 12. Preference for employee benefits by financial worries, age and region



Sample: All employees. Except U.S. and Canada, full-time employees only.

6. Rethinking the benefit deal

Broadening the benefit portfolio

Many employers have already introduced more choice and flexibility into their benefit packages, especially in developed markets, and more are thinking about it. In the U.K., flexible benefits are common, and in the U.S. more than three-quarters of companies offer a choice of health plan options and two-thirds offer voluntary benefits.

According to Willis Towers Watson's latest employer research,¹¹ more than half of employers throughout Asia Pacific, Latin America and Europe intend to introduce more choices and/or greater flexibility into their benefit programs over the next three years.

While choice and flexibility are not new concepts, improved supporting technology has finally caught up with the need, enabling employers to provide truly engaging delivery platforms.

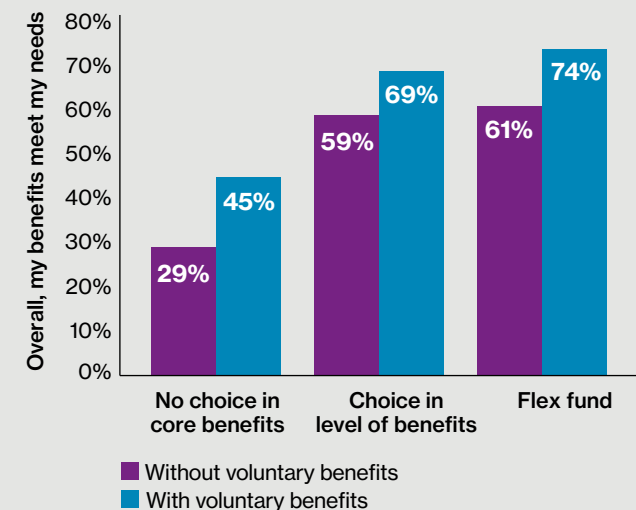
- Technology enables employees to “buy” benefits the same way they shop at an online store.

- Sophisticated online tools help employees make appropriate decisions tailored to their personal or family needs.
- The cost and administrative burden of giving employees more flexibility are easing.

How are employees responding to new options and more choice? Employees who have more choice show greater appreciation for their benefit packages. In fact, employees with some choice or flexibility are more than twice as likely to report their benefits meet their needs as those without (*Figure 13*). It is notable that much of the impact on employee appreciation comes from offering choice in the types of benefits they can buy like voluntary benefits and the option to buy a more/less generous option for a given benefit. While offering flexibility in moving money between different company benefits from a pool of choice also boosts employee appreciation, the bump is slightly smaller.

¹¹Willis Towers Watson U.S. Best Practices in Health Care Survey (2017) and Regional Benefits Trends Survey (2017)

Figure 13. **Offering more choice and flexibility increases employee appreciation**



Note: Percentages indicate “Agree” or “Strongly agree.”
Sample: All employees. Except U.S. and Canada, full-time employees only.

Emergence of well-being programs

There is growing recognition that, as employees take on more responsibility for their health and retirement, employers need to do more to help them make the most of their benefits. Many employers have responded by making well-being a core part of their benefit strategy. And employers are defining well-being broadly, offering a lineup that supports four core areas:

- **Physical well-being:** Identify and effectively manage population health risks and chronic conditions across the workforce
- **Financial well-being:** Identify and implement solutions to improve the financial health of the workforce
- **Emotional well-being:** Identify and manage behavioral health, stress and substance use issues across the workforce
- **Social well-being:** Identify and implement ways to promote a sense of involvement around health and financial issues between employees, families and the community

Our latest research shows that employers plan to add more well-being programs of all types, than any other benefits, over the next three years.¹²

While this suggests significant opportunities for the future, employees' responses are that a broad array of health and well-being programs have so far fallen short of expectations. How can employers enhance employee engagement in these programs?

Health and well-being – new directions

Only around one-third of employees globally say their employer's health and well-being programs have helped them live healthier lives. Moreover, only about two in five employees say these health and well-being programs meet their needs – much lower than satisfaction with health care benefits (Figure 14).

Even more concerning is that, in the U.S. — where the focus on health and well-being has been strongest — employees have become more negative over time, with satisfaction dropping from 41% in 2011 to just 32% in 2017.



Figure 14. **Have employer initiatives encouraged employees to live healthier lives?**

Asia Pacific	40%
Latin America	37%
North America	31%
EMEA	25%

Note: Percentages indicate "Agree" or "Strongly agree."
Sample: All employees. Except U.S. and Canada, full-time employees only.

¹²Willis Towers Watson U.S. Best Practices in Health Care Survey (2017) and Regional Benefits Trends Survey (2017)

Health and well-being: what can employers do?

The good news is that employees acknowledge the importance of their health and look to their employers to help them improve it. Globally, two in three employees say that managing their health is a top priority. But understanding the factors driving that belief and leveraging that knowledge is increasingly important to motivate and connect with employees around their personal health and broader well-being. Based on the last decade of experience with these programs, the research and evidence are clear: simply offering lots of programs or using incentives to drive participation is not enough.¹⁴

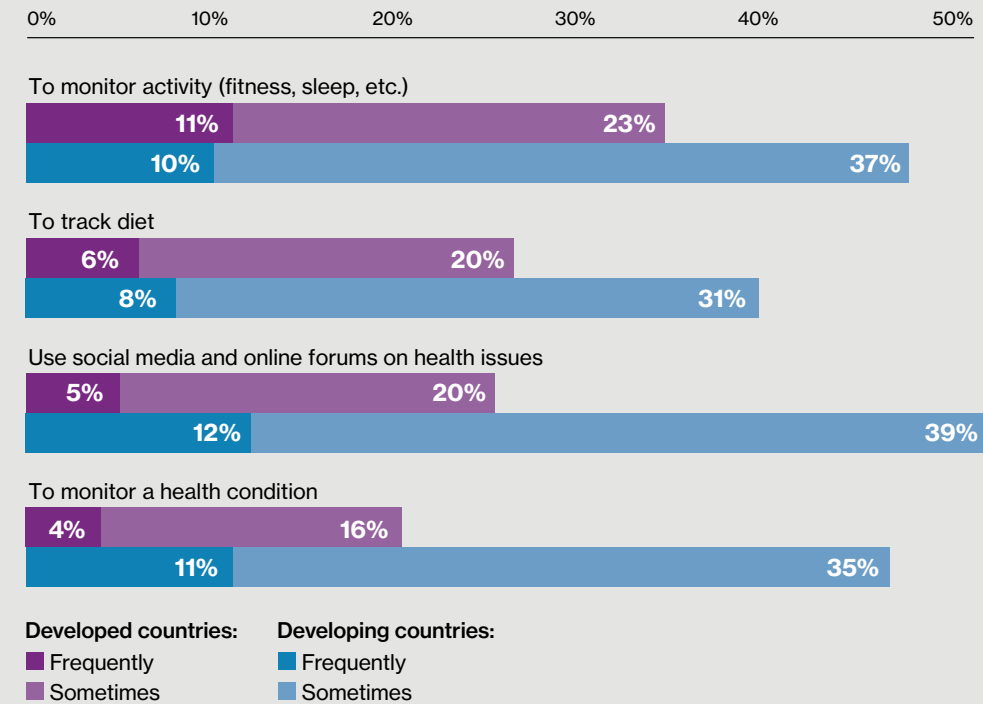
While there are many options for employers, we look at employee reactions in three key areas:

1. Wearables and other recent technologies
2. Attitudes toward financial incentives
3. Impact of the work environment

Tools: Only about half of employees participate in any of their employers' health and well-being programs.¹⁵ Employers are concerned about these low rates of participation and know they need to attract more interest and participation. Many employers are asking the question: what works? The answers follow different threads, including employee awareness of the programs, program suitability for the targeted population segments and whether the tools apply the principles of behavioral economics.

According to our research, wearables and other health and well-being technologies continue to gain traction (*Figure 16*). Some 51% of employees in developed economies and 71% of workers in emerging economies use such technologies to manage their health (working populations tend to be older in developed economies versus in emerging economies, which might affect receptivity to emerging technologies).

Figure 16. **How employees are currently using technologies to manage their health**



Sample: All employees. Except U.S. and Canada, full-time employees only.



¹⁴For more details on the emergence of employee well-being programs and broader strategies for boosting employee engagement and enhancing the well-being experience, see Willis Towers Watson's Staying@Work research, www.willistowerswatson.com/en/insights/2016/03/stayingatwork-report-employee-health-and-business-success

¹⁵Willis Towers Watson Global Staying@Work Survey, 2015/2016.

These evolving technologies present employers with opportunities to build engagement. Technological tools enhance employees' day-to-day experience and support decision making in a way that more traditional programs are unable to do. Given the explosion of a wide variety of new tools, employers need to keep up with advancements in technology and identify which tools are best suited to their employees and their broader well-being strategy.

Incentives: Financial incentives are a popular way of encouraging participation in well-being programs, especially in the U.S., where employees who participate in all their employers' well-being activities can earn as much as \$1,000 per year. Interest is growing in other markets as well: Nearly half of employers in Latin America and Asia Pacific already added or are considering incentives to boost health engagement.

But do financial incentives work?
So far, the results have been mixed.
It is not clear that incentives generally promote significant, sustainable changes in health-related behavior.

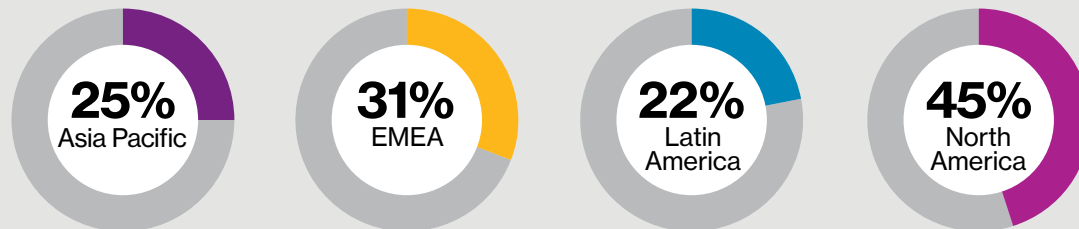
Incentives have their place, however, in that they can entice employees to try an initiative, especially for simple, discrete, time-limited actions, such as completing a health risk assessment. But given human nature, the reward eventually comes to feel more like an entitlement – thus becoming an expensive means of delivering slightly higher participation rates.

The concern that employees view long-standing incentives as an entitlement seems to be borne out by our research. In the U.S., where incentives have been relatively common for many years, the percentage of employees whose willingness to participate in a health initiative hinges on a financial reward has risen from 35% in 2011 to 46% in 2017. Slightly weaker versions of those attitudes are creeping into other countries (*Figure 17*). Moreover, half of U.S. employees think they should be financially rewarded for living a healthy lifestyle.

While incentives remain popular, many employers, especially in the U.S., are beginning to pivot away from high-priced approaches and shift their focus to one of their most important assets – a healthy workplace.

Figure 17. Most employees would be willing to participate in health initiatives without a financial incentive

Percentage of employees who would only participate in company health initiatives if there was a financial reward



Sample: All employees. Except U.S. and Canada, full-time employees only.



Workplace environment: Employers are clearly trying to ensure that their workplaces support healthy behaviors – from discouraging smoking, to allowing more flexible work arrangements that enable employees to access health services more conveniently. Willis Towers Watson’s employer research indicates over half of employers across the globe are going to make building a healthy workplace culture their primary means of boosting employee engagement in health.¹⁶

Creating a culture of health involves many facets: changing the physical environment, getting managers and senior leaders on board and tapping into workplace social networks to reinforce core messages and apply positive peer pressure. Our research suggests that offering onsite and near-site health clinics and other services, such as health screenings, exercise facilities, nutrition counseling and child care, spilled over into more positive employee reactions – including higher participation rates – to employers’ wider health and well-being activities (*Figure 18*).

And it’s more than about offering services. As this research shows, employees look to their close inner circle to provide support during times of need. For example, nearly half of employees (48%) from around the globe seek out support from family, friends, colleagues or their manager during periods of high stress while only 23% use a program offered by their employer or health plan. Creating an environment that connects employees with the people around them and encourages them to pursue their own personal needs can go a long way to enhancing the feelings of enthusiasm and accomplishment around their personal well-being and also for the initiatives offered by their employer.

¹⁶Willis Towers Watson U.S. Best Practices in Health Care Survey (2017) and Regional Benefits Trends Survey (2017).

Figure 18. **Having onsite and near-site services boosts receptivity and results in health and well-being programs**



Sample: Full-time employees.

Financial well-being: meeting employees where they are

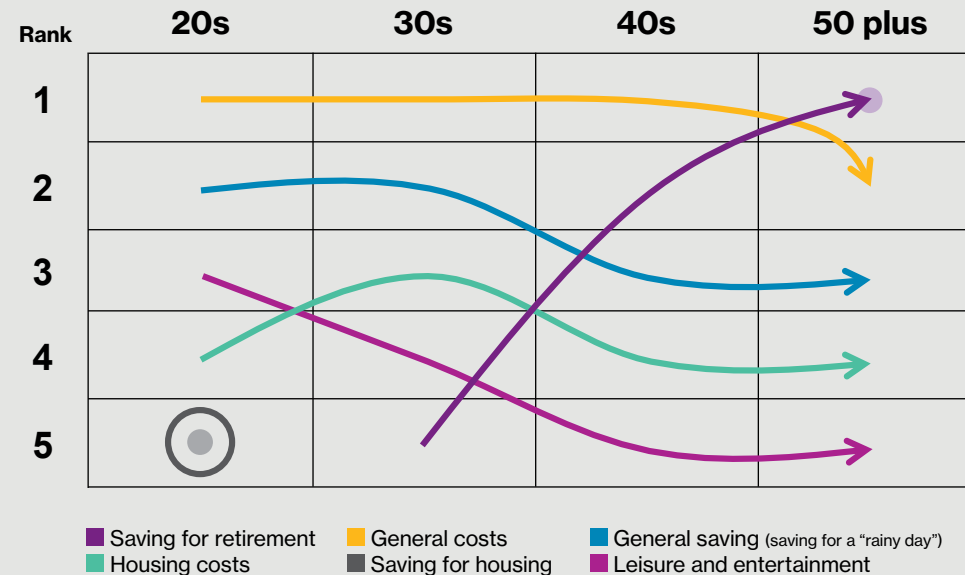
As discussed earlier, many employees are struggling financially under the weight of low pay increases and rising household debt. There's considerable – and growing – interest in employees' financial well-being and in providing appropriate support as part of a broader well-being strategy. Why? Because financial worries constitute a significant source of stress for many employees, and employers are recognizing the emotional toll to employees and negative effects on work performance.

How should employers respond to employees facing financial struggles when there is little budget for salary increases? How can employers help their employees better manage their finances?

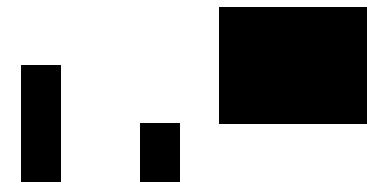
Employers may need to find new ways to engage employees with financial well-being initiatives. That means meeting people where they are and learning what support would be helpful and accepted. What are employees' greatest needs and strongest motivations? We observe several key patterns in employees' financial priorities (Figure 19):

1. Across nearly all age groups, people are focused on their immediate financial situation.
2. A focus on housing costs peaks in the 30s.
3. As workers age, they generally worry less about housing costs and more about retirement savings, especially in countries where a larger share of retirement income must be drawn from individual savings.

Figure 19. Financial priorities vary by age



But age is not the only determinant of an employee's financial priorities. Among people who are struggling or worried, debt repayment is the foremost financial priority, while the unworried are more focused on saving for retirement. Perhaps employees are able to focus on saving for retirement only after resolving their short-term/other financial needs.



A key concern with a greater focus on short-term financial issues is that, by diverting money from retirement savings, employees would be letting themselves in for more insecurity as they age. Another way to look it, however, is that addressing short-term financial concerns removes key barriers to retirement saving.

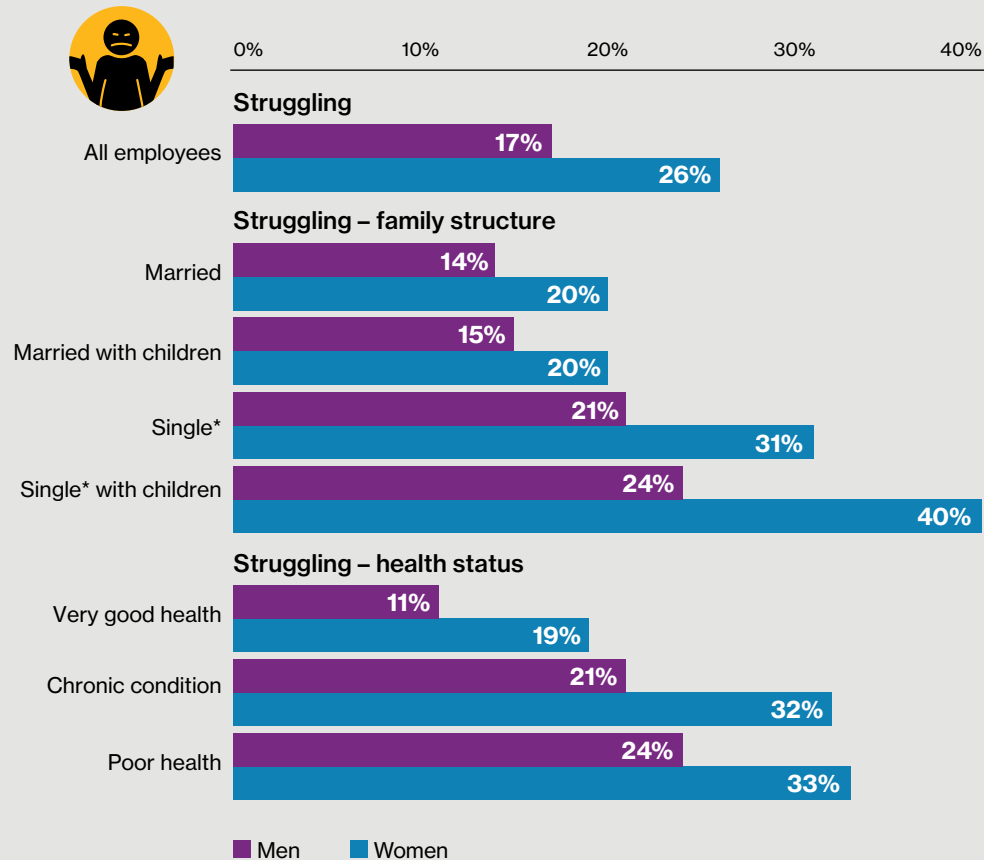
Figure 20 shows other factors that influence employee needs and money worries: family circumstances and health status.

Women are more likely than men to say they are struggling financially (26% compared with 17%), especially if they are single mothers. People in poor health are significantly more likely to worry about money than those without health issues (though the direction of causation is unclear).

These results suggest that financial challenges and needs vary across every workforce. Employers who wish to help their employees become more financially secure should begin by gaining an understanding of their workforce and its needs.

Such solutions will need to work with the grain of how people make financial decisions. For many, a knee-jerk response to people struggling with their finances is to advise them to develop a budget and stick to it. The data show, however, that only a minority of employees (35%) follow a strict budget. And budgeting might be becoming more difficult, given that the multitude of shopping and saving options (via web, apps and other online tools) make it harder to track transactions.

Figure 20. **Personal circumstances and financial worries**



*Single includes those never married, divorced and separated.
Sample: All employees. Except U.S. and Canada, full-time employees only.

Most people make their financial decisions in the moment. Around one quarter of workers are what we call “active” money managers, meaning they actively monitor their accounts, generally are aware of their current position and maintain a steady financial course. Another quarter are “reactive,” meaning they do not actively monitor their finances but scale back their spending upon nearing a financial danger zone. For this group, spending and saving

can yo-yo with their current financial position. Finally, the last group (around one in five globally) makes decisions impulsively and frequently overspends.

Those who spend impulsively or reactively are most likely to struggle with their finances (Figure 21), live paycheck to paycheck and have significant debt, and least likely to pay off their credit card balances.

We define four types of employees, according to their approach to household finances.



35%
Budgeters

Follow a strict budget and don't regularly overspend



21%
Active

Don't budget, but do actively monitor financial situation and don't overspend



25%
Reactive

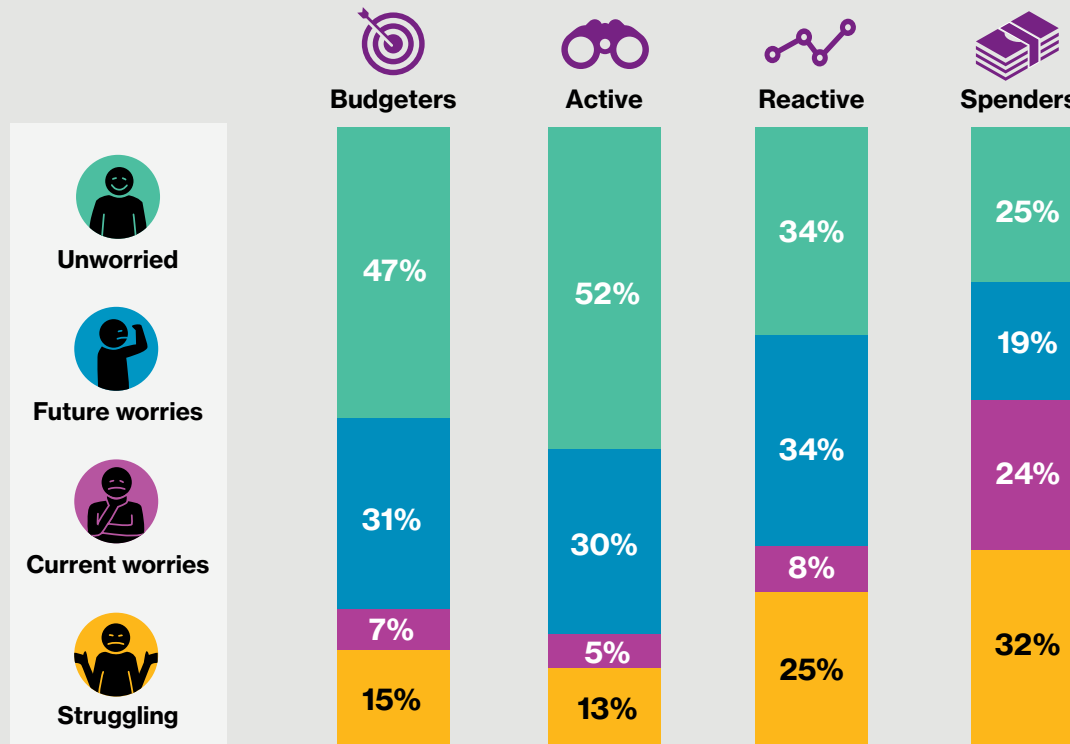
Don't actively monitor financial situation, react instead to current situation, don't regularly overspend



19%
Spenders

Typically buy impulsively and tend to overspend









Figure 21. Financial decision making is closely correlated with financial well-being



Sample: All employees. Except U.S. and Canada, full-time employees only.

Figure 22. Financial support preferences by financial situation and behaviors

If your employer were to offer the following to help you manage your finances, which would you mostly prefer?

	Financial worries				Financial decision making			
	 Unworried	 Future worries	 Current worries	 Struggling	 Budgeters	 Active	 Reactive	 Spenders
#1	Spending tools	Spending tools	Spending tools	Spending tools	Spending tools	Spending tools	Spending tools	Spending tools
#2	Advisor	Advisor	Online tools	Advisor	Advisor	Advisor	Advisor	Online tools
#3	Other financial products	Other financial products	Advisor	Debt services	Other financial products	Other financial products	Other financial products	Advisor
#4	Online tools	Messages	Other financial products	Other financial products	Messages	Online tools	Online tools	Messages
#5	Messages	Online tools	Debt services	Messages	Online tools	Messages	Messages	Other financial products
#6	Seminars	Seminars	Messages	Online tools	Debt services	Debt services	Debt services	Debt services
#7	Debt services	Debt services	Payday loan	Payday loan	Seminars	Seminars	Seminars	Payday loan

Note: Percentage "Agree" or "Strongly agree."
Sample: All employees. Except U.S. and Canada, full-time employees only.

What support do these groups want? Workers are broadly interested in access to a range of financial management tools and expert advice (Figure 22). However, employers need to offer the right tools at the right moment – not just in the financial area, but across the benefit spectrum. For example, debt management services and payday loans offer more value to employees who are struggling or who make spending decisions impulsively. Savings vehicles and seminars are of more use to workers who are relatively secure and prioritize saving for retirement.

Spending tools	Tools to track spending, saving, assess financial position, set financial goals
Advisor	Access to a financial advisor
Other financial products	Access to other savings and investment products
Debt services	Access to debt management services (including student debt, consolidation, refinancing)
Online tools	Online portal where all financial information is displayed Mobile apps to offer real-time access to financial information
Messages	Personalized suggestions on how to improve finances
Seminars	Seminars to discuss financial issues
Payday loan	Access to payday loans

The changing role of the employer

As employers contemplate broader employee benefits and well-being programs, they need to consider whether they have permission to assume a more active role in their employees' personal health and financial well-being. The evidence suggests that employees want tools and support and are happy to receive encouragement and nudges about their retirement situation and physical or financial well-being, but – in the developed countries at least – are skeptical about support that is based on their own personal details (Figure 23).

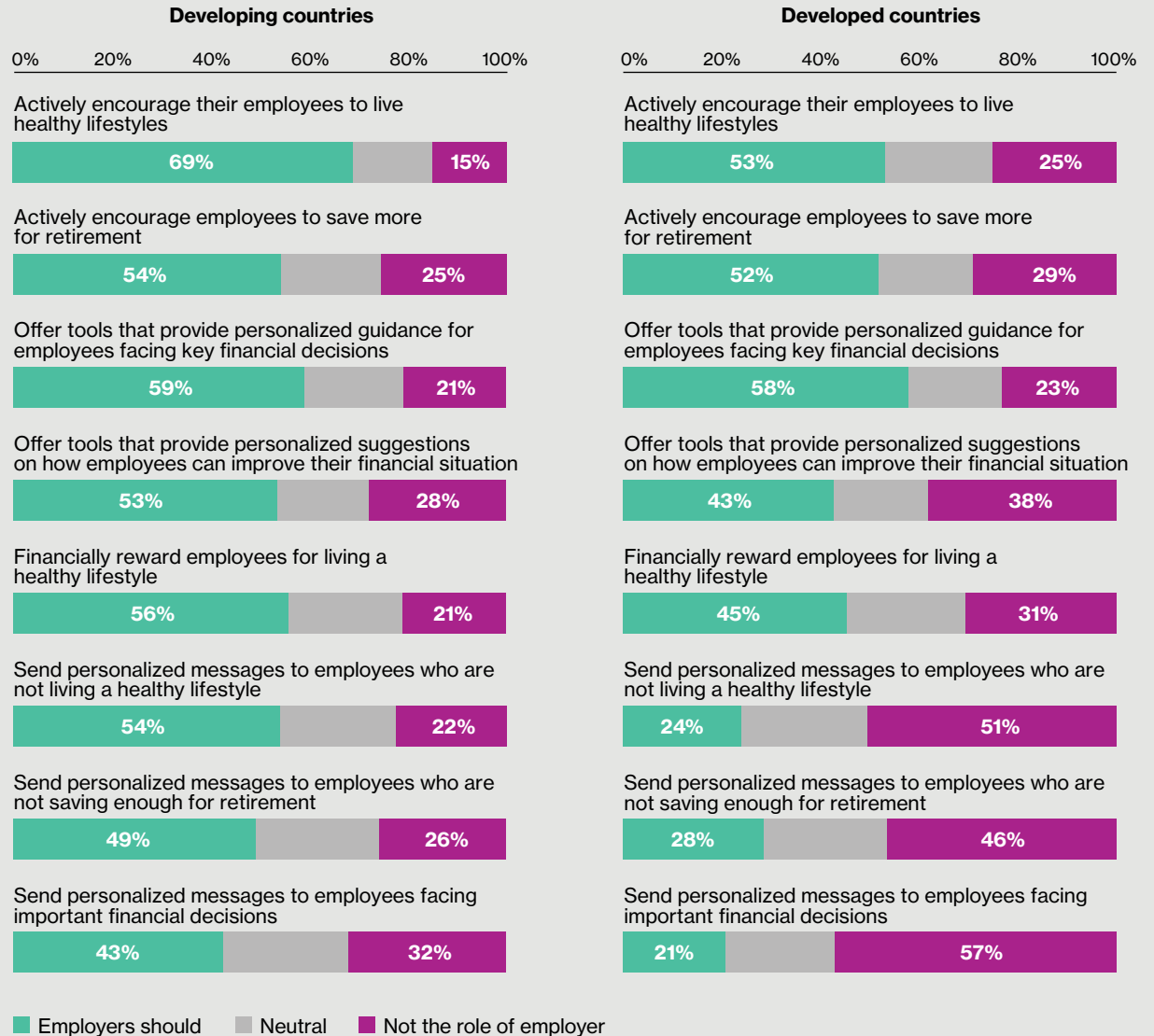
People hesitate to come under the spotlight, where they might feel judged by their employer for what they are or aren't doing.

This could be more about perception than reality, as the difference between broad and targeted nudges might be slight, but people hesitate to come under the spotlight, where they might feel judged by their employer for what they are or aren't doing.

Employers entering uncharted territories will need to build rapport with their employees, being careful not to overstep or push too fast, to achieve the trust they will need to target help where it will do the most good.



Figure 23. **The role of the employer**



Note: Percentages indicate preference for the statement. Sample: All employees. Except U.S. and Canada, full-time employees only.

7. Summary

The modern workplace is undergoing a transformation in which employees have taken on more responsibility and bear far more financial risk than previous generations. Recent social and economic upheavals have created setbacks and slowed upward momentum for many employees, some of whom remain fearful of the future.

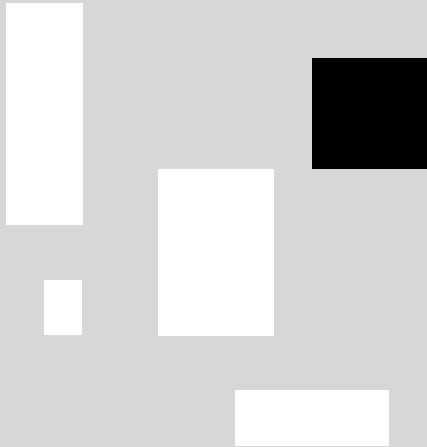
The 2017 Willis Towers Watson Global Benefits Attitudes Survey confirms that these pressures are affecting employees' mental, physical and financial health. Recognizing that it's in their interest to help, many employers are making employee well-being a central piece of their benefit strategy.

While expanding choice and introducing more flexibility seem the only ways to respond to employee demand and the divergent needs of various workforce segments, many employers are concerned about the possibility of choice overload. Emerging consumer-oriented technologies allow for better and simpler choice architecture, more careful personalization and strong decision support.

But where should this support start and stop? "Nudge" has entered the everyday lexicon and even earned its author a Nobel Prize in economics. Yet, employers are not always viewed as benefactors or even disinterested observers, and many employees may resist any additional employer involvement, particularly in sensitive areas like their personal finances.

Nevertheless, there are good reasons for optimism as employers modernize their benefit strategy. True responsiveness might call for a more strategic focus and strong employer commitment, as well as sensitivity to the unique needs of various workforce segments. But for employers who get it right, this research suggests a significant payoff on the other side. What's more, a successful transformation will reshape and enhance employees' experience with their benefits, which can put these organizations ahead of their competitors and become a key factor in success.





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