Willis Towers Watson

Highlights of key findings, United States

2020 Global Benefits Attitudes Survey

Employees seek work flexibility, enhanced wellbeing, greater retirement security

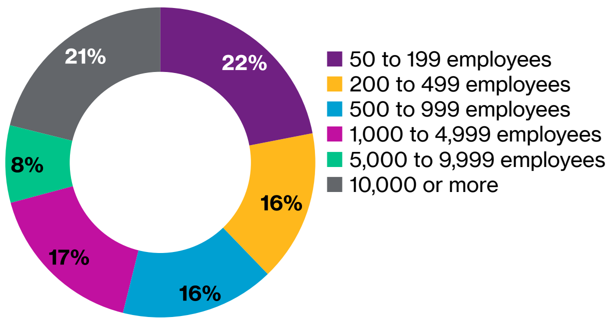
About the survey

Our 2020 Global Benefits Attitudes Survey explored the perspectives of actively working, full-time U.S. employees on their work experiences amid the pandemic as well as their overall wellbeing (emotional, social, physical and financial), retirement expectations and benefit preferences.

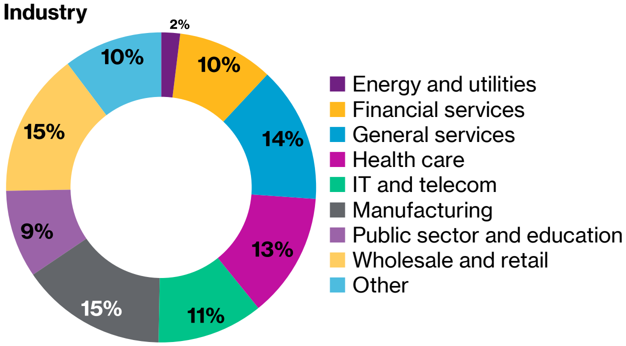
The research findings are based on input from 4,898 U.S. employees (4,481 full time) of large, private-sector organizations. The survey fielded in the U.S. in October 2020.

Figure 1. **Respondent profile:**

Employer size



Industry



Percentages may not add to 100 due to rounding.

Extensive demographics to understand benefit preferences of key employee groups:

- Industry, company size, job type/role
- Demographics (age, gender, race, sexual orientation, disability, family structure)
- Wellbeing status (physical and mental health, social connections, financial position)
- Income, savings and debt measures

Overview

Employees seek more work flexibility, enhanced wellbeing, greater retirement security

Shifting working patterns

The initial lockdown and ongoing social distancing have brought about a significant change in working patterns. The percentage of employees working from home most or all of the time has more than doubled, from 14% before the pandemic to 31% today. While a majority of employees, especially working parents, cite a better work/life balance as a benefit of working from home, there are also downsides to consider.

Some employees, including more than half of parents, face distractions at home, making it difficult to work, while others worry about a potential negative impact on career development. In addition, employees working from home are nearly twice as likely to feel disconnected as those working onsite. This may help explain why many employees working from home today desire a more flexible, mixed onsite/work-from-home experience in the future; in fact, more than a third (38%) do.

Pandemic takes toll on emotional and social wellbeing

Emotional health and social connections are the aspects of employee wellbeing most affected by the pandemic. These are especially pressing issues for younger employees, with 47% of Gen Y and 65% of Gen Z reporting poor mental health, and 42% and 47%, respectively, reporting low to mid-low social wellbeing. Overall, nearly one-third (29%) of employees say their mental/emotional health has deteriorated as a result of the pandemic while over four in 10 (42%) indicate that their social connections have worsened. Our Wellbeing Index reveals the extent to which employees' social connections and mental health have declined. Slightly more than a third of employees (34%) were socially connected and two-fifths (41%) were emotionally balanced in 2020, a decrease of 7% and 5%, respectively, over 2019. Employees are looking to their employers for help in addressing emotional health and social wellbeing issues.

29%

say their mental/emotional health has deteriorated as a result of the pandemic

38%

who are working from home today desire a more flexible, mixed onsite/work-from-home experience in the future

Our survey reveals a few bright spots amid the tragedy of the pandemic. More employees report improved physical wellbeing (22%) than worse physical wellbeing (15%), even though nearly half (44%) have deferred medical care mostly due to COVID-19 and monetary concerns. The pandemic has fueled a surge in employee use of virtual health care, which has opened additional pathways to care. In particular, low-income employees are over 40% more likely to say they got the care they needed when using virtual care.

Those who report high social wellbeing are nearly 3x more likely to say that their mental wellbeing and finances have improved during the pandemic

The pandemic has fueled a surge in employee use of virtual health care

While nearly half of employees (46%) have seen a change in their finances, negative or positive, over the course of the pandemic, overall the share of employees experiencing financial difficulties has remained stable during the pandemic. Roughly a quarter (24%) indicate that their financial situation has deteriorated. Unsurprisingly, employees who have had their hours cut or have been furloughed, or whose spouses have been furloughed, report that they have reduced their spending and savings, especially for retirement, and have taken on debt. Over a third of employees (36%) in a better financial situation also report taking on more debt, and a quarter are spending less.

At the same time, slightly more than a fifth of employees (22%) have seen an improvement in their finances. Thirty-one percent of this group are low-wage earners, and 41% have had their hours increased due to the pandemic; for both of these segments, the Coronavirus, Aid, Relief, and Economic Security (CARES) Act stimulus may have been more meaningful to their income.

However, it is questionable whether this improvement can be sustained. More than two-thirds of employees who are doing better financially, but are still struggling during the pandemic, have worked more hours during the pandemic. Of this group, nine in 10 employees report high levels of stress and anxiety, a figure that is 40% higher than struggling employees whose hours have not changed. Additionally, it is concerning that this financially struggling group is also the most likely (nearly 80%) to have major spending plans for after the pandemic. These findings suggest that there is a price to be paid for working longer hours to improve one's financial situation, and that the improvements may be fleeting.

Our survey reveals powerful interdependencies between the different aspects of wellbeing – positive and negative – such as a strong linkage between addictive behaviors and overspending. And those who report high social wellbeing are nearly three times more likely to say that their mental wellbeing and finances have improved during the pandemic. This underscores the importance of mental and social health to all aspects of wellbeing – as well as the need to take an integrated approach to wellbeing. Such an approach focuses on all wellbeing dimensions, thereby helping ensure employees are emotionally balanced, socially connected, physically thriving and financially secure. Employees who enjoy high wellbeing across all these dimensions also have higher levels of engagement and retention, and lower presenteeism. Approaches that address one dimension of wellbeing in isolation, or ignore the mental and social dimensions, are unlikely to have meaningful success.

Meeting employees where they are

Employees' top priorities when it comes to their benefits are reducing costs and improving their security. But how these priorities are met will differ based on the different needs and preferences of today's diverse multigenerational workforce. It's critical for employers to consider the range of variables – including age, salary and financial condition, gender and ethnicity – that can influence what employees want and need from their benefits.

A majority of employees cite saving for retirement as the number one area where they need help from their employer; however, those who are struggling and living paycheck to paycheck are also looking for help with day-to-day financial challenges. Additionally, work/life balance and flexible working are top of mind for Gen Z and higher-paid employees. Many others, especially younger workers, are looking for support with stress, anxiety and mental health issues, while older workers are attracted to guarantees around their health and retirement benefits.

With a better understanding of employee priorities amid an ongoing pandemic, employers have an opportunity to reset their benefit plans, enabling them to meet employees where they are and achieve better outcomes.

"The opportunity for employers to play a critical role in helping employees improve their financial wellbeing and retirement readiness remains great. Investing in tools and resources, and educating and encouraging employees to use them, can go a long way toward reducing employee financial stress and boosting healthy outcomes and worker productivity."

Steve Nyce
Senior Economist
Willis Towers Watson

Source: Willis Towers Watson press release issued December 15, 2020

Employees' work experience during the pandemic

Overall impact

While a significant share of employees report that their social connections (42%) and mental/emotional health (29%) have worsened during the pandemic, over a third (37%) indicate that their relationship with their spouse has improved, and only 10% say their spousal relationship has worsened.

Work-from-home arrangements have increased. While roughly a third of employees (33%) report that they worked from home sometimes (19%) or most of the time (14%) before the pandemic, over half (53%) do so sometimes (22%) or most of the time (31%) today.

Work effectiveness

Over nine in 10 employees (91%) report they have the same or better work performance as before the start of the pandemic; however, nearly half (47%) say they feel more disconnected from their team or organization. And disconnected employees report higher levels of disengagement, anxiety and presenteeism.

Employees working from home worry about the potential negative impact on their career development (39%), especially younger workers (45% of Gen Z and 50% of Gen Y) and those with children (52%).

39%

worry about a potential negative impact on their career, especially younger workers and those with children

Before the pandemic

33%

worked from home sometimes or most of the time

Today

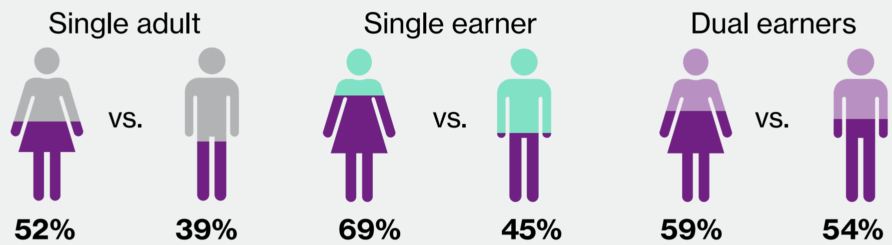
53%

of employees do so sometimes or most of the time

How are working parents coping?

Parents report that work/life balance has improved during the pandemic, especially for dual earners, 44% of whom report that their work/life balance is better.

Parents took more time off due to unexpected reasons and face distractions and stress, reducing their effectiveness when working from home. Fathers are more likely than mothers to say they are distracted while working from home (59% versus 39%), although mothers are doing the majority of the extra caregiving.



A greater percentage of female employees experienced a significant increase in time spent caring for their children in comparison to male counterparts.

Working from home frees up time to support children during a period of time when they have more needs. Mothers, including 59% of dual earners and 69% of single earners, spend more time providing childcare. Single mothers are struggling the most with anxiety issues.

How can employers make a positive impact?

Flexibility
In the future, almost four in 10 employees (38%) would prefer a mixed onsite/work-from-home experience. Over two-fifths (41%) desire to work onsite in the future all the time, and 21% are looking to work from home all the time.

Some employees would like to work from home but realize that their job can only be performed onsite. Roughly four in 10 employees are looking for more flexibility as to when (44%) and where (40%) they work.

Work arrangements
Employees seek subsidies for equipment for remote work. Half of high earners and roughly six in 10 employees who currently work from home more than before the pandemic (58%) and those who would prefer to work from home most of the time in the future (56%) are looking for subsidies for equipment to work remotely.

Almost six in 10 employees (57%) who prefer to work onsite all the time in the future and half of those who earn less than $50,000 a year desire free snacks or meals onsite, and meal vouchers.

Roughly half of employees who prefer to work onsite all the time in the future are looking for enhanced safety, specifically improved workplace safety policies and protocols (46%) and personal protective equipment (51%).

In contrast fewer than a third of employees who prefer to work remotely all the time desire enhanced safety protocols and equipment.

Work/life balance
Over half of employees (52%) desire more generous paid time off, vacation and sick leave. This group includes over half of females, older workers and those working from home more than before as well as 60% of those who prefer to work onsite in the future.

Mental/emotional health and social connections

Our Wellbeing Index reveals that while almost six in 10 full-time employees (57%) report they are physically thriving and roughly half (49%) say they are financially secure, only four in 10 (41%) report they are emotionally balanced and a third (34%) say they are socially connected. This represents a slight increase of 3% in both physical and financial wellbeing and a worrisome decrease of 5% in emotional wellbeing and 7% in social wellbeing over 2019.

Males, older workers and those earning $100,000+/year have the highest levels of emotional wellbeing. Gen Y and Gen Z, disabled and LGBT+ employees are the most challenged in this area

Who is facing social and emotional wellbeing challenges?

Employees who experienced a change during the pandemic – for example, those new to working from home and those who have been furloughed or had hours reduced – are most likely to struggle with social connections and mental health issues.

Males, older workers and those earning $100,000 or more annually enjoy the highest levels of emotional wellbeing, while Gen Y and Gen Z employees, the disabled and LGBT+ employees are the most challenged in this area. Males, Gen Y employees and high earners have the highest levels of social wellbeing, while Gen Z employees, those earning less than $50,000 a year and LGBT+ employees have the lowest.

Impact on the workplace

The pandemic produced a 5% increase in employees who suffer from stress or anxiety and have low to moderate social connections. In comparison with employees who score high across all four wellbeing dimensions, employees in this group have lower levels of engagement (16% vs. 67%), higher presenteeism (14.6 vs. 6.0 annual days lost) and a higher risk of turnover (34% vs. 16%).

It's essential to view wellbeing from an integrated perspective. This requires understanding how all wellbeing dimensions are interconnected and in particular, how issues with finances and physical health can impact social and emotional wellbeing. **The one in seven employees who report issues in all wellbeing dimensions are:**

7x	more likely to have suffered stress, anxiety or depression in the past two years
4x	more likely to have much worse social connection as a result of the pandemic
5x	more likely to be dissatisfied with their current financial situation
4x	more likely to be disengaged
12+	missed days per year due to presenteeism

How can employers make a positive impact?

Employers should design programs with an understanding of how social connections and emotional health influence other aspects of wellbeing.

For example, approximately six in 10 of those living paycheck to paycheck (57%) and those who have been furloughed (58%) are more likely to suffer from anxiety and depression. And roughly half of employees (49%) who are disconnected from their team or organization are suffering from emotional issues.

To improve employees' mental/emotional wellbeing, employers should focus on listening and effective communication.

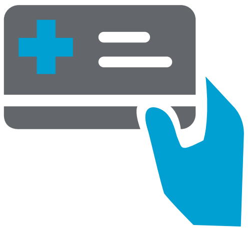
Among those who report that their mental/emotional health improved during the pandemic,

71% say that their employer listened to how they want to be supported and 75% say that their employer communicated effectively during the pandemic.

It is important for companies to allow employees the flexibility to take wellness days, a key benefit employees seek to improve their social and emotional wellbeing. In particular, over half of women, older workers and employees earning under $100,000 favor this benefit. Wellness days can be integrated into overall time off and leave strategy.

Another preferred benefit in this area is access to counselors and mental health professionals (31%).

Health care use



Deferred care

Nearly half of employees (44%) have deferred medical care since the start of the pandemic for two reasons: money worries (42%) and concerns about exposure to COVID-19 (61%).

Employees in financial distress (56% – 60%), LGBT+ employees (54%) and those with disabilities (69%) were more likely to defer care.

One in five report they have suffered or expect to suffer bad health outcomes as a result of delaying treatment.

Those who delayed treatment due to money worries reported worse outcomes than those who were worried about exposure to COVID-19 (59% vs. 15%). This finding is consistent with what we have found in other research. A 2020 Willis Towers Watson health care survey of 1,498 employees, conducted with financial support from Genentech, showed that roughly seven in 10 (69%) of those struggling financially delayed necessary medical care, and over half experienced poor health outcomes as a result.

1 in 5

have suffered or expect to suffer bad health outcomes as a result of delaying treatment

Future use of health care services

One in four employees indicate they will significantly increase their health care use when the pandemic is over. Use will be highest among those with chronic conditions (53%) and mental health issues (57%).

Younger (34%) and high-income employees (35%) – along with LGBT+ (35%), Hispanics (36%) and employees with disabilities (49%) – are likely to significantly increase their use of health care services post-pandemic.

Virtual care

The use of virtual care has nearly tripled during the pandemic, increasing from 17% of respondents in 2019 to 47% in 2020. Users of virtual care report they are more likely to get the help they need for their chronic conditions (61%) and mental health issues (51%).

One in three employees have used virtual care for regular screening and checkups. One in five have used virtual care for mental health care or treatment for a new illness.

Virtual care has opened additional pathways for employees to access care, especially for low-income employees, who are more than 40% more likely to say they got the care they needed when using virtual care. Virtual care offers a potential route to address affordability challenges.

Employees also gave virtual care high marks compared with face-to-face consultations, with eight in 10 (79%) regarding virtual care as equally as good, and one in four (25%) rating it better. The response is more positive for more frequent users, the young and high earners.

How can employers make a positive impact?

Employees are looking for more affordable health care benefits including: lower and predictable cost for using a select network of health care providers (39%), lower out-of-pocket costs for prescriptions drugs (37%), and more generous dental and vision programs (37%). In particular, older and lower-paid employees desire lower prescription drug costs.

Employees value virtual care, with seven in 10 (69%) indicating they would consider using virtual care in the future.

Among those who deferred care due to financial concerns, 73% put off a routine screening or check-up. Given that most health plans must cover a set of preventive services including routine screenings, it is possible that some employees deferred care unnecessarily. Effective communication is critical to helping employees understand their benefits and get the care they need.

Low-income employees are 40% more likely to say they got the care they needed using virtual care

Financial wellbeing

The share of employees reporting financial difficulties has remained stable during the pandemic, with more than a third of employees (37%) living paycheck to paycheck, approximately the same number as in 2019.

But many employees face a precarious state. Roughly a quarter (24%) say their finances have worsened over the past six months. Nearly four in 10 employees (37%) have been unable to pay bills, are carrying over interest charges for a sustained period, or have had to borrow money from family and friends. At the same time, slightly more than one in five (22%) say that their finances have improved.

24%

say their finances have worsened over the past six months

Employees who had their hours cut (61%) report less financial security, while the employees who have increased their work hours due to the pandemic (43%) report increased financial security.

Even some higher-wage earners, including 16% of those earning $100,000 or more per year, experienced a worsening financial situation. But the pain sets in more quickly for low-income employees, who are less likely to have emergency savings to buffer a financial shock.

Among employees who have seen their financial condition worsen in 2020 are those who earn less than $50,000 a year, are in poor health, have disabilities and are single parents. Those who are higher paid, in good health and married with children have fared better.

A majority of employees (53%) indicated that saving for retirement is the area where they most want help from their employer. Those in a poor financial position are also looking for more help addressing day-to-day financial challenges, for example, through services like short-term loans; those in a better financial position desire help getting more out of their benefits, for example, through the use of websites and tools that can improve decision making.

Employees who earn <$50,000 a year, are in poor health, have disabilities or are single parents have seen their financial condition worsen

53%

indicated saving for retirement is where they most want help from their employer

How are employees responding?

Overall, households are spending less (30%) and saving more (31%). Two in 10 (23%) are taking on more debt.

- Over four in 10 employees in a worse financial position are spending less (44%) and saving less (46%), and over a third of these employees (36%) are taking on more debt.
- More than three-fifths of employees whose financial position has remained stable during the pandemic report that their behavior with regard to saving, spending and incurring debt has remained about the same.
- Employees in a better financial position are spending (42%) and saving more (58%), and over a third (36%) are taking on more debt.

One in four employees expect to retire later as a result of the pandemic, including half of those living paycheck to paycheck. Fifty-three percent of struggling employees accessed their retirement savings in 2020. These employees are more likely to have withdrawn large amounts (see section on retirement expectations below).

1 in 4 employees expect to retire later

Nearly 1/3 of households are spending less and saving more

Among the employees whose financial situation is improving, almost six in 10 (58%) say they are likely to take an extended vacation after the pandemic ends, while half (50%) indicate they have major spending plans.

At the same time, eight in 10 struggling employees (those living paycheck to paycheck and who struggle to control spending) who are in a better financial situation report they are likely to take an extended vacation when the pandemic ends, and roughly three-quarters (76%) have some major spending plans. These employees may be missing an opportunity to get on a new, secure financial glide path.

Those in a better financial position are more likely to have increased their working hours. But this improvement comes at a price. Over half of employees (51%) who increased their work hours during the pandemic indicate that they are likely to suffer from anxiety or depression.

More than two-thirds (69%) of employees in a better financial position plan to be financially prudent, save as much as possible and pay off debt.

Impact on the workplace

Employees in a better financial situation have higher engagement (46% vs. 24%) and lower presenteeism (12.7 days lost vs. 22.7 days lost) than those in a worsening financial position.

Employees in a better financial situation are also more likely to report good health (75% vs. 35%) and high social wellbeing (50% vs. 25%) than those who are doing worse financially.

Employees in a worsening financial situation tend to have poor lifestyle behaviors, including poor eating habits, tobacco use, and alcohol and substance abuse.

How can employers make a positive impact?

Because the pandemic is affecting employees in different ways, it is essential for employers to take an inclusive approach and consider how they will meet the diverse needs of different employees.

Many employees, including 59% of those who are struggling financially, indicate that guidance and advice on how to better manage their finances has become more important to them in the past six months.

Employees in a better financial situation have higher engagement and lower presenteeism than those in a worsening financial position and are more likely to report good health and high social wellbeing

Retirement expectations

The majority of employees (74%) maintained their retirement savings contributions, while 13% increased their contributions. But where employers reduced or stopped contributions to defined contribution plans, 44% of employees also reduced their contributions.

While 54% of employees say they are heading in the right direction in terms of their retirement savings, half of those living paycheck to paycheck and 55% of those who have been furloughed expect to work longer as a result of the pandemic.

One in four employees took a 401(k) loan or withdrawal, or accessed other retirement savings. Those in financial distress (furloughed employees and those living paycheck to paycheck) and younger employees are more likely to have accessed their retirement savings, but most are confident of repaying in the next five years. Notably, struggling employees are more confident that they will repay the withdrawn amounts than younger workers (68% vs. 48%).

How are employees responding?

One in four employees (25%) expects to retire later than planned, with three in 10 employees (31%) planning to retire at age 70 or older, roughly the same percentage as in 2019.

Almost a third (31%) say that they will need to save more for retirement. Close to half (47%) of employees age 50 or older who are in a worse financial situation as a result of the pandemic expect a lower retirement income.

Half of workers over age 50 plan to make a gradual exit from the workforce into retirement, many because they need to keep working, especially those in poorest health or dealing with mental health issues; however, many employees also want to phase into retirement because they still enjoy the work they are doing.

1 in 4

took a 401(k) loan or withdrawal, or accessed other retirement savings

68%

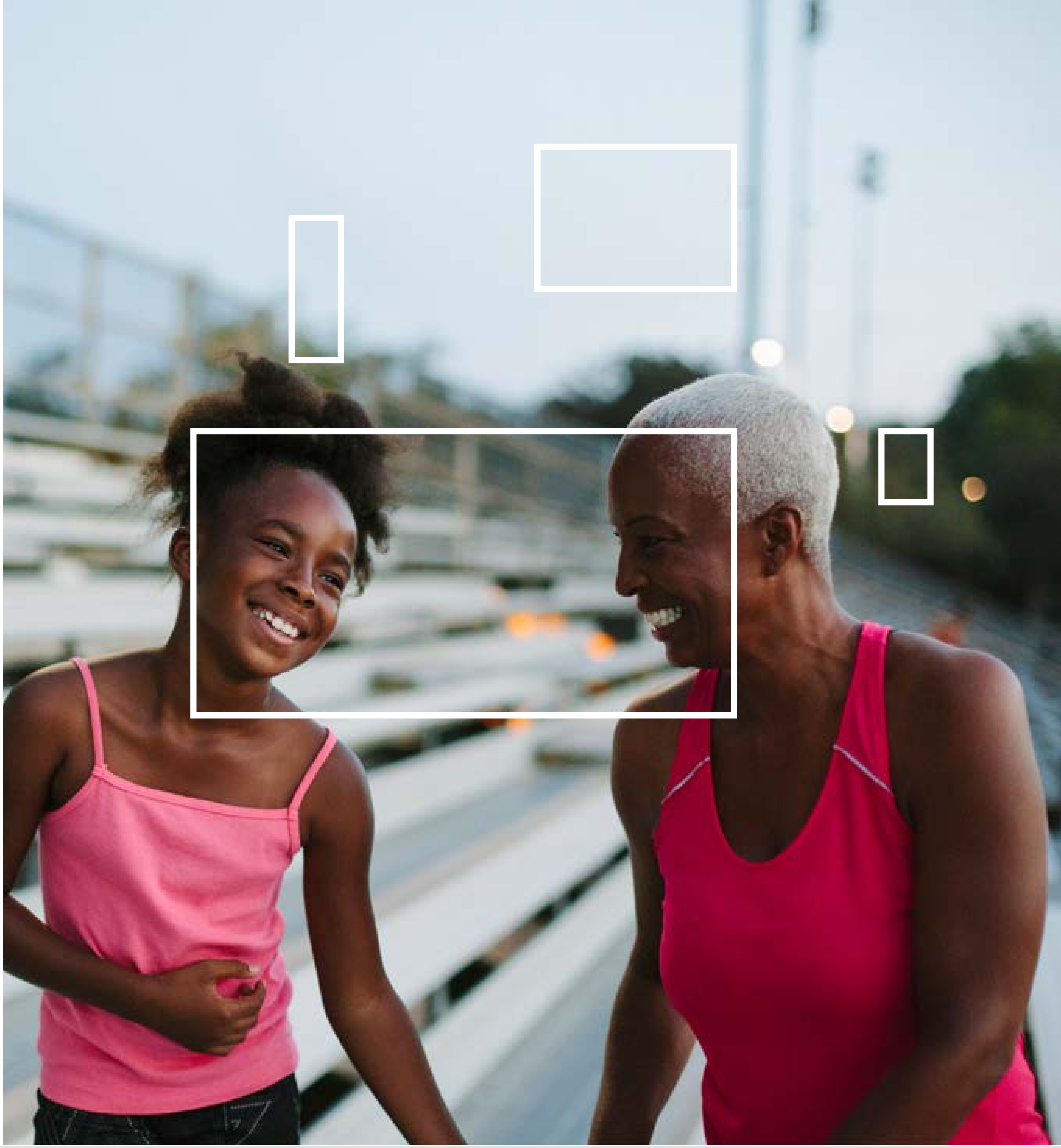
of struggling employees are confident that they will repay the withdrawn amounts

How can employers make a positive impact?

Saving for retirement remains the number one area where employees want help from their employers. As more sponsors offer primarily defined contribution plans, it remains important to engage employees in starting and maintaining their retirement saving paths.

It's essential for employers to be cognizant of employees whose financial positions may have changed as a result of the pandemic and, in particular, employees who may have tapped into retirement savings or paused retirement plan contributions to meet their short-term financial needs. It may take time for these employees to get back on their prior retirement savings track.

Our findings show that employees with financial challenges would like greater flexibility to use retirement savings if needed, indicating that employers may be able to further support employees through the use of design features such as emergency savings options.



Getting the most from their benefits

Employees are looking for tools and solutions that will inform and engage them, thereby helping them make better benefit choices.

Almost six in 10 employees (59%) prefer a single website that allows them to review and manage all their benefits.

Older workers are also more likely to prefer tools that help them understand various plan options and the ability to speak to a benefit specialist when making benefit decisions.

Younger workers prefer online materials that explain different options and tools that illustrate the items that people like them typically choose. Over half of Gen Z employees prefer to have their benefit questions answered via online chat.

59%

prefer a single website that allows them to review and manage all their benefits

About Willis Towers Watson

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