

2021 Benefit Trends Survey



Willis Towers Watson

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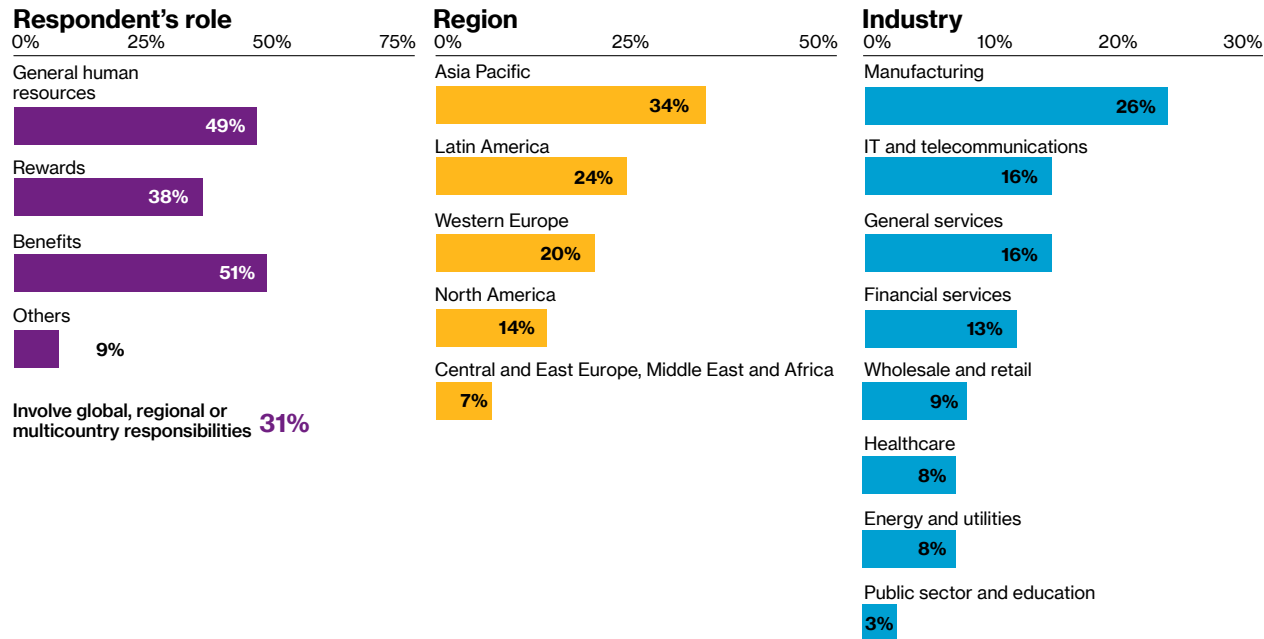
Next steps for employers



About the respondents

Global research findings are based on responses from a total of 3,642 employers representing 14 million employees around the world who participated in the 2021 Benefit Trends Survey. The survey was conducted during May and June 2021.

Figure 1. Respondents by role, region and industry





Overview

Employers reshape benefit strategy with a focus on wellbeing and the employee experience

Diversity, equity and inclusion is a growing external influence

As employers plan for a post-pandemic future, they have high aspirations when it comes to their benefit strategy. Close to three-quarters of employers globally (72%) plan to differentiate their benefit offerings from those of other organizations and to personalize the experience to address the specific needs of employees over the next two years. This represents a significant shift, as only 23% have such a strategy in place today.

The pandemic's toll on employee health and wellbeing – in particular, employee burnout, stress and mental health issues – is prompting employers to reshape their benefit strategy. External factors are also influencing benefit strategy globally. Top among these are a growing focus on diversity, equity and inclusion (DEI); tight labor markets; and increased remote working.

Addressing many of these factors will require employers to improve employees' experience with benefits, i.e., how employees engage with their benefits as well as understand and use the full range of programs. This helps explain why 75% of employers indicate that the employee experience is a key priority over the next two years.

Close to two-thirds of employers (65%) report that integrating wellbeing into the benefit package is their top strategic objective. Approximately half of employers (47%) also plan to increase flexibility and choice in their benefits, which is essential to meeting the needs and preferences of a diverse, multigenerational workforce. In addition, four in 10 employers globally (42%) are planning or considering tailoring their approach and personalizing outreach to specific segments of the workforce.

To support these personalization initiatives, roughly three-quarters of employers globally (74%) plan to have an enhanced digital strategy in place across their benefit programs in the next two years. An enhanced digital strategy can also serve as a differentiator when competing for talent in tight labor markets.

Mindful of having to achieve these objectives within certain constraints, over half of employers (51%) plan to optimize cost and risk management, and more than 44% plan to improve program efficiency.

Employers have set high goals in their efforts to achieve a differentiated and customized benefit strategy. Our Benefit Trends Survey, fielded in May and June 2021, examines the factors influencing their choices as well as the high-level trends in benefit design, financing, administration and analytics. The findings reveal the priorities and actions that can help make employers' aspirations a reality.

Highlights and trends

Benefit strategy

Setting high aspirations

Employers are looking to step up their game quickly in benefit strategy. While a third of employers globally (33%) have no clear benefit strategy to date, seven in 10 (72%) expect to have a differentiated and customized benefit strategy in two years (Figure 2).

How will they get there?

Understanding the factors shaping priorities and choices around benefit strategy

Internal workforce challenges

Almost three-quarters of employers globally (73%) report that stress, burnout and mental health issues constitute their top workforce challenge (Figure 3). This figure rises sharply in North America and Latin America where over eight in 10 employers share this view.

Other challenges highlighted relate to unhealthy lifestyles (50%), lack of social interaction (49%) and reduced productivity (43%).

Figure 2. A majority of employers expect to differentiate and customize their benefit strategy in next two years

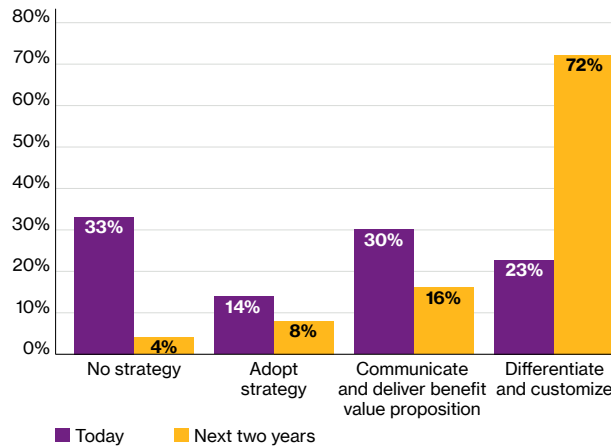


Figure 3. Employers reporting concern about stress, burnout and mental health

Global	NA	EMEA	LatAm	APAC
73%	86%	65%	84%	66%



73% of employers cite stress, burnout and mental health issues as their top workforce challenges.





External influences

Diversity, equity and inclusion

Six in 10 employers globally cite the increased focus on DEI as the top external influence on their benefit strategy, a number that rises to 73% in North America (Figure 4).

The pandemic and global social justice movements elevated the focus on DEI, prompting companies to increase efforts to treat employees fairly and equitably in all aspects of the employment deal, including benefits. At the same time, as more companies prioritize environmental, social and governance (ESG) issues, they recognize that DEI initiatives help them drive social impact and achieve key ESG goals. Moreover, organizations with a diverse, equitable and inclusive workforce are associated with better business outcomes.

A focus on DEI will help employers address the different needs and preferences of today's diverse workforce and shape a benefit portfolio that meets employees where they are.

Tight labor markets

Competitive labor markets are the second most important external factor affecting benefit strategy, cited by six in 10 employers globally (59%), and the top influence for employers in Europe, Middle East and Africa (EMEA) (61%); Latin America (64%); and Asia Pacific (57%). Benefits play a critical role in helping attract and retain top talent as competition for talent intensifies.

Increased remote working

Over half of employers globally (54%) and over six in 10 in Latin America (61%) regard increased remote working as an important influencing factor. It is essential to understand how benefits may need to shift to support a hybrid work model.

Rising costs

Escalating costs remain a critical factor affecting benefit strategy, primarily for employers in North America.

Increased focus on ESG

Over four in 10 employers globally (41%), including 47% in EMEA and 52% in Western Europe, a part of EMEA, cite the increased focus on ESG as a key external influence on benefit strategy. In contrast, only 28% of employers in North America regard ESG as a major influencing factor.

These internal and external factors are driving a focus on the employee experience, highlighting the importance of engaging employees in their benefits to promote desired behaviors and support improved decision making.

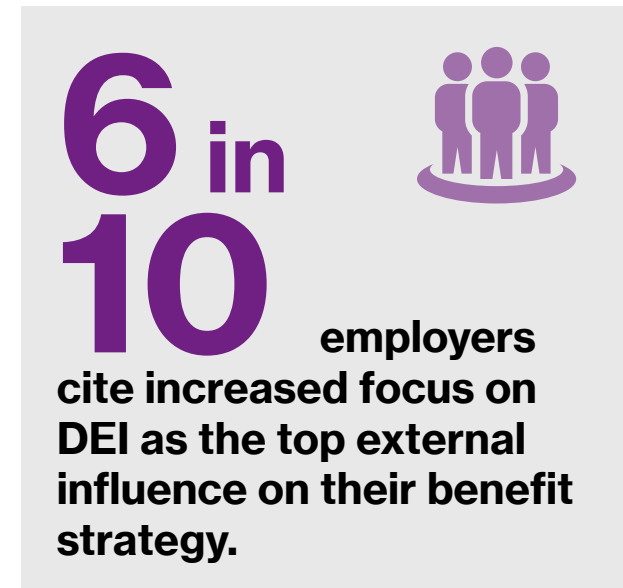


Figure 4. External influences on benefit strategy in the next two years

	Global	NA	EMEA	LatAm	APAC
Diversity, equity and inclusion	60%	73%	58%	63%	53%
Tight labor markets	59%	52%	61%	64%	57%
Increased remote working	54%	47%	56%	61%	50%
Advances in technology	47%	38%	42%	57%	47%
Increased focus on ESG	41%	28%	47%	38%	44%
Rising costs	39%	50%	30%	36%	44%



Defining success through a broader lens

Consistent with this focus on the employee experience, employers are moving beyond financial metrics in assessing benefit strategy success. Improved employee wellbeing (62%) and improved employee experience (50%) are the top success measures globally (Figure 5).

More than two-thirds of employers in North America (67%) cite the ability to manage costs and risks effectively as a key success metric. This may reflect the fact that benefits are a larger component of the employment package in this region. But this focus on financial factors doesn't come at the expense of people-related metrics. In fact, a majority of these employers also regard improved wellbeing (68%) and improved employee experience (60%) as key measures of success.

Figure 5. Key benefit strategy measures

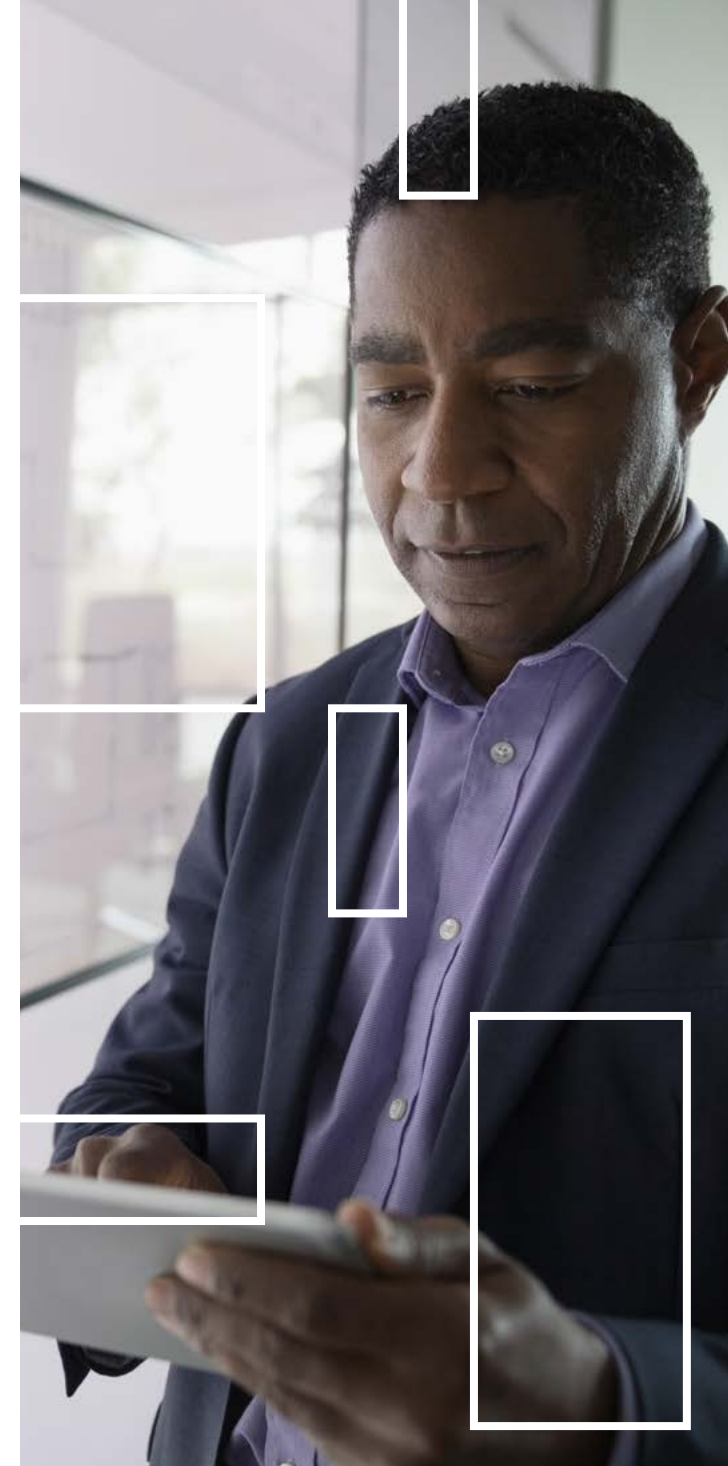
	Global	NA	EMEA	LatAm	APAC
Improved wellbeing	62%	68%	61%	69%	56%
Improved employee experience	50%	60%	44%	46%	51%
Improved retention	40%	20%	43%	48%	42%
Effectively managed costs and risks	40%	67%	34%	27%	43%

Strategic objectives

Employers globally are setting the following strategic objectives for the employee experience:

- Integrate wellbeing into the benefit package: 65%
- Increase choice and flexibility: 47%
- Enhance communication: 47%
- Enhance tools and technology: 44%

Our findings reveal employer priorities and the measures organizations are taking or looking to take across the dimensions of the modern benefit program to achieve these objectives.





Key priorities over next two years

Many employers are heightening their focus on wellbeing and the employee experience, continuing a trend from 2019 (Figure 6).

Figure 6. Transforming benefits over the next two years

	Benefit portfolio	Employee experience	Benefit financing	Administration and operations	Analytics
Focus	60%	75%	53%	56%	63%
Priorities	<ul style="list-style-type: none"> Emotional wellbeing Physical wellbeing 	<ul style="list-style-type: none"> Employees' understanding of cost and value Recognition of benefits 	<ul style="list-style-type: none"> Healthcare costs Risk benefits costs 	<ul style="list-style-type: none"> Streamline internal operations Review operational policies and procedures 	<ul style="list-style-type: none"> Understand employees' wants and needs Benchmark benefit programs
Actions	<ul style="list-style-type: none"> Support for mental health Support for physical health Flexibility and choice 	<ul style="list-style-type: none"> Manager training Single digital hub Mobile app 	<ul style="list-style-type: none"> Care navigation support/tools Condition-specific care Manage fees/premiums 	<ul style="list-style-type: none"> Assess internal operations Vendor assessment Update documentation 	<ul style="list-style-type: none"> Listening strategies Identify at-risk employees Forecast costs and risks

Benefit portfolio

As employee wellbeing is top of mind, more employers are focusing on integrating wellbeing – in particular, initiatives supporting better mental health – into the benefit portfolio. Additionally, they are looking to enhance broader benefits, including expanding flexibility and choice.

Employee experience

The employee experience emerges as the top focus area for employers out of the five dimensions of benefit strategy. Employers recognize the importance of deepening employees' understanding and appreciation of their benefits through improved use of technology, manager support and enhanced communication.

Benefit financing

The rising cost of benefits – especially healthcare – continues to be an issue. Employers are looking to use a combination of tactics, from care navigation support to managing premiums, to mitigate the impact of cost increases.

Administration and operations

Employers are prioritizing internal efficiency. As a result, they are planning or considering assessing the performance of internal benefit operations as well as vendors and providers.

Analytics

To help ensure that they are offering relevant benefits that meet employees where they are and proactively identifying at-risk employees, such as those experiencing mental health issues, employers are looking to boost their analytics capabilities, especially their listening activities, including surveys and focus groups.



Transforming benefits

Benefit portfolio



Offering a competitive benefit package is critical in tight labor markets. A majority of employers globally (59%) believe they offer market competitive benefits, a figure that rises to 81% in the U.S. and 76% in Canada.

As competition for talent intensifies, it is essential to move beyond a one-size-fits-all benefit package and shape a benefit portfolio that addresses the individual needs of the workforce. Yet only two in five employers globally (39%) indicate that they offer such a portfolio.

Responding to the individual benefit needs of a diverse workforce requires choice and flexibility; however, only three in 10 employers globally (29%) report that they provide significant choice and flexibility in their benefits (Figure 7).

Figure 7. **Employers offering significant choice and flexibility in their benefits**

Global	NA	EMEA	LatAm	APAC
29%	39%	28%	23%	30%

Employers in North America stand out from their global counterparts, with roughly four in 10 (39%) indicating they offer significant choice and flexibility. This is largely a result of the extent of spend on healthcare and the broad range of options in areas such as plan design and networks.



Setting priorities

Employers globally recognize that they have more work to do in the area of employee wellbeing, as only about a third (32%) consider their wellbeing support to be market leading or better. To address this issue, approximately two-thirds of employers (65%) expect to integrate wellbeing into the benefit portfolio in the next two years. Additionally, employers are focused on improving broader benefits, an area where one in five (19%) indicate their offerings are lagging.



Two-thirds

of employers cite expect to integrate wellbeing into the benefit portfolio in the next two years



Taking action

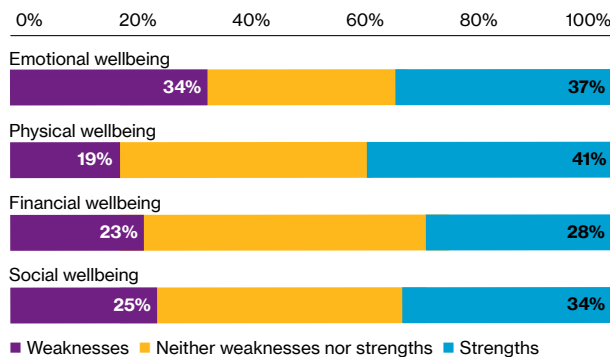
Wellbeing

Integrating wellbeing into the benefit portfolio requires addressing all four wellbeing pillars – physical, emotional, financial and social – based on an understanding of an organization’s strengths and weaknesses in each dimension (see sidebar).

Respondents to our survey identified emotional wellbeing as their weakest area, with approximately a third of employers globally (34%) reporting weakness in their programs aimed at improving emotional wellbeing as the pandemic took its toll on mental health (Figure 8). Respondents in North America were the most likely to report weakness in this area, with 51% doing so.

Because employers recognize the urgent need to help employees struggling with mental health challenges, emotional wellbeing emerges as their top wellbeing priority globally and across all regions (Figure 9).

Figure 8. **Employers identify weaknesses and strengths over the past year**



Wellbeing Diagnostic

The Wellbeing Diagnostic helps employers assess the current state of employee wellbeing at their organizations, benchmark against industry peers and best-practice companies, and understand the influence of wellbeing on business outcomes and performance.

Our approach to integrated wellbeing includes:

- **Assessment.** We gather information to understand your organization’s current state, in terms of both measurable outcomes and programs for each of the pillars of wellbeing: physical, emotional, financial and social.
- **Analysis.** We develop your Integrated Wellbeing Score and Current State Benchmark based on your population data and program inventory benchmarked against best practices.
- **Results.** You’ll receive results, insights and key findings to inform and shape your wellbeing strategy going forward, including a measurement strategy to highlight how your wellbeing initiatives link to human capital and financial outcomes.

[Contact us](#) if you’d like to get started with a Wellbeing Diagnostic to better understand, measure and improve employee wellbeing at your company.

Figure 9. **Wellbeing priorities over the next two years**

Wellbeing pillars	Global	NA	EMEA	LatAm	APAC
Emotional	80%	87%	79%	89%	70%
Physical	71%	70%	69%	82%	66%
Financial	54%	64%	51%	65%	46%
Social	62%	55%	68%	72%	52%



Wellbeing priorities over next two years

A majority of employers globally (64%) plan to boost their support for mental health in the next two years. They have taken action and plan more actions in the areas of virtual mental/behavioral health (50%) and wellbeing apps (39%) during this period.

Employers are also taking action to support the other wellbeing pillars. Over half (54%) plan to improve their support for physical health in the next two years. Roughly two-fifths (41%) have taken steps to enhance online medical services and plan more actions in the next two years.

Broader benefits

To deliver value to a diverse workforce, over half of employers globally (52%) and roughly six in 10 in EMEA (58%) and LatAm (58%) are planning to add or enhance the choice and flexibility in their benefits over the next two years (Figure 10).

Additionally, four in 10 employers globally (42%) plan to enhance their voluntary benefits, perks and discounts in the next two years. This action has the most support from employers in Latin America where half plan to enhance these benefits.

The area where employers are lagging the most when it comes to broader benefits, child and elder care is also where employers are least likely to take action to improve their offerings. Roughly three in 10 employers globally (29%) report their child and elder care benefits are lagging behind those of other organizations. But roughly a fifth of employers globally (21%) are planning to add or enhance these benefits in the next two years.

64%



of employers plan to boost their support for mental health over the next two years.

Figure 10. Flexibility and choice (when selecting and using their benefits)

	Global	NA	EMEA	LatAm	APAC
Reduce/Eliminate	0%	1%	0%	1%	0%
No change planned	48%	64%	42%	41%	50%
Add/Enhance	52%	36%	58%	58%	49%

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The employee experience

Employers recognize that there is considerable room for improvement when it comes to the employees' experience with benefits. In particular, they fall short in two key areas: communication and the use of digital tools and technology. Only three in 10 employers globally (31%) indicate they use enhanced communication, including customization and the latest communication techniques (e.g., apps, social media), while just 26% report they have enhanced support in the form of navigator tools and modelers.

Addressing these areas will enable employers to provide personalized benefit information and help employees make informed decisions. While most employers today are at early stages of digital adoption, roughly three-quarters (74%) expect to have an enhanced digital strategy across their benefit programs in the next two years (Figure 11).



Setting priorities

Over half of employers globally (53%) are prioritizing improving their employees' understanding of the cost and value of benefit programs, a figure that rises to 65% in North America where rising costs are a key concern for employers (Figure 12). In addition, half of employers globally are making it a priority to improve the recognition of benefits, internally and externally. This is a higher priority for employers in EMEA and Latin America than for those in North America and Asia Pacific.

Figure 11. **Stages of digital strategy adoption**

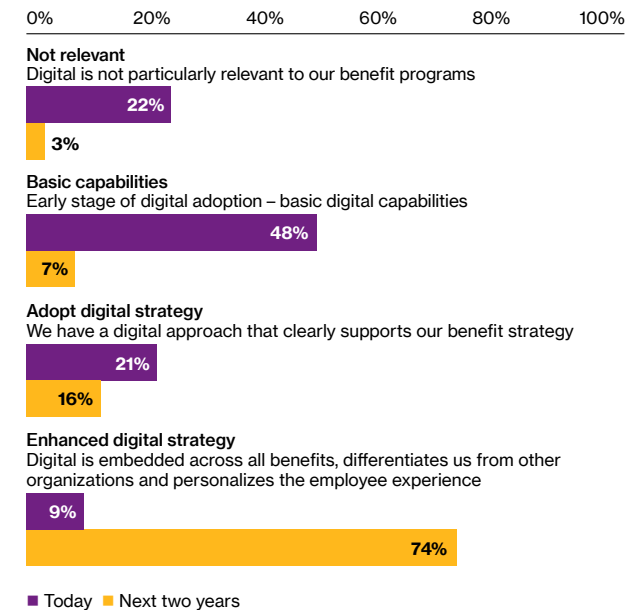


Figure 12. **Employee experience – tactical priorities**

	Global	NA	EMEA	LatAm	APAC
Improve employees' understanding of cost and value of programs in a Total Rewards context	53%	65%	56%	44%	51%
Improve internal and external recognition of benefits	50%	30%	56%	61%	45%
Support employees when using benefits	39%	51%	33%	38%	39%



Taking action

Employers are looking to take action in several critical areas to improve the employee experience.

Digital tools and technology

Employers overall are planning or considering increasing their use of a range of tools, including digital hubs, navigator tools and mobile apps (Figure 13).

Fifty percent of employers in Asia Pacific are looking to implement digital hubs (Figure 14). Close to half of employers (47%) in Latin America are planning or considering mobile apps. The lower percentages in North America are attributed to the fact that many employers in this region have already taken action to adopt some of these tools, including mobile apps (52%) and digital hubs (47%).

Additionally, employers are taking steps to use technology to address health and wellbeing.

Figure 14. Digital tools organizations in different regions are planning or considering adopting in the next two years

	Global	NA	EMEA	LatAm	APAC
Digital hub	44%	30%	43%	44%	50%
Mobile apps	43%	30%	42%	47%	46%
Navigator tools	42%	39%	38%	45%	45%

Communication

To improve their benefit communication, 42% of employers globally are looking to personalize communications to specific segments of the workforce (Figure 15). Employers in North America are more likely to report planning or considering such action.

In addition to personalization, approximately four in 10 employers globally are looking to improve their communications through educational (40%) and promotional (42%) campaigns.

Support

Nearly half of employers globally (45%) are planning or considering manager training to identify and assist employees with their wellbeing. Four in 10 are looking to use digital tools and technology to help employees be productive and feel connected.

Figure 13. Digital tools and technology employers are planning or considering adopting over the next two years

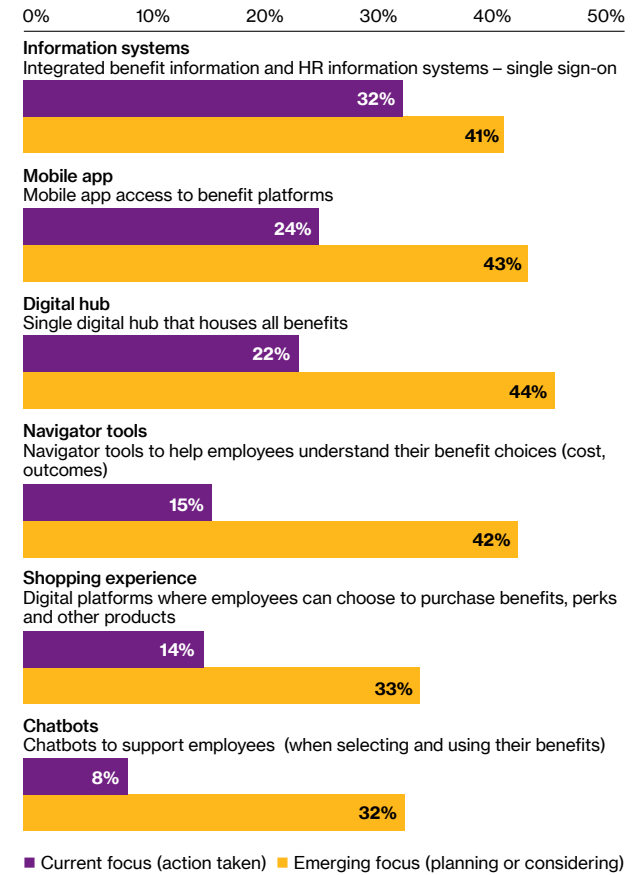


Figure 15. Employers planning or considering personalization

	Global	NA	EMEA	LatAm	APAC
	42%	50%	39%	40%	41%

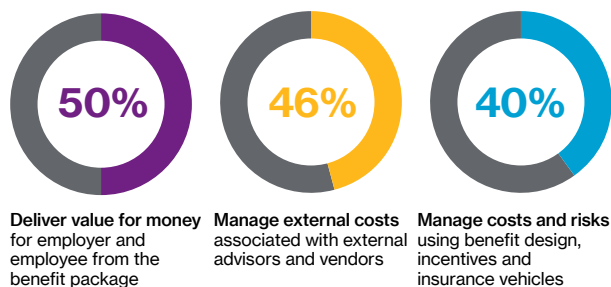
42% of employers are looking to personalize communications to specific segments of the workforce



Benefit financing

Employers indicate that benefit financing is the area where they are most effective. They are focused on ensuring their benefit packages deliver value for money. Additionally, cost control remains a major issue, with four in 10 reporting they actively manage costs and risks (Figure 16).

Figure 16. Effectiveness of benefit financing



Concerns about increases in costs or premiums

The cost of healthcare benefits is top of mind. Six in 10 employers globally are concerned about increases in healthcare costs or premiums, a figure that rises to 69% in North America and 77% in Latin America. The percentage of employers concerned about healthcare costs is significantly higher than that in the other benefit categories (Figure 17).



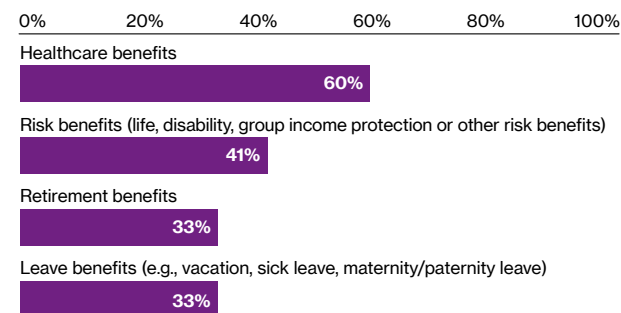
Taking action

Employers globally are planning or considering taking the following measures to manage healthcare costs in the next two years: use care navigation support (32%), use condition specific care (30%) and manage fees/premiums paid to insurance providers/vendors (29%).

The key actions employers are looking to take to control retirement costs include: management of third-party costs (26%), plan design (24%) and ensuring tax efficiency (23%). The percentage of employers looking to adopt arrangements that optimize tax efficiency drops to 14% in North America, while 23% of employers in EMEA, 26% in Asia Pacific and 30% in Latin America are planning or considering such arrangements.

To better manage the cost of risk benefits, employers are planning or considering taking the following actions: manage fees/premiums paid to insurers (27%), change plan design (25%) and optimize insurance arrangements (24%).

Figure 17. Top areas of concern regarding increases in benefit costs and premiums



Administration and operations



The least effective benefit area based on employers' self-reporting is administration and operations. The areas within administration and operations where employers globally show the greatest weakness is in the use of market-leading technology for administrative purposes and the use of streamlined internal operations (Figure 18).

Employers in North America rated themselves considerably better than their global peers across these three areas, while those in Asia Pacific gave themselves the lowest scores.



Setting priorities

Over half of employers globally and across all regions except Asia Pacific are making the streamlining of internal operations their number one priority (Figure 19). For employers in Asia Pacific, the top priority is reviewing the effectiveness of operational policies and procedures, and internal efficiency ranks second.



Taking action

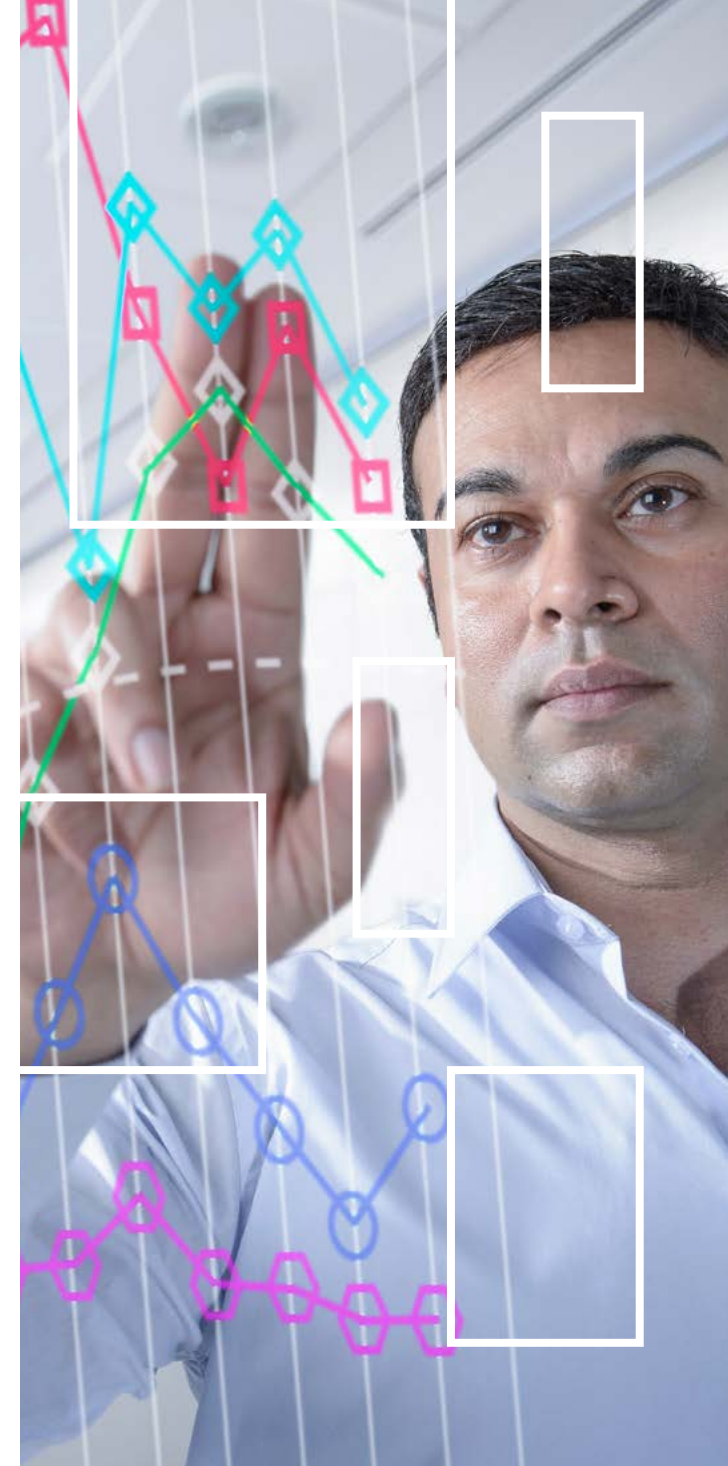
The top actions employers overall are looking to take in the next two years to improve benefits administration and operations include: assess internal operations (34%), assess the performance of vendors and providers (31%), and update documentation (31%).

Figure 18. Effectiveness of administration and operations

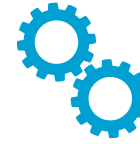
Planning/Considering adopting	Global	NA	EMEA	LatAm	APAC
Use best mix of internal and external resources	31%	43%	29%	33%	25%
Use streamlined internal operations	23%	33%	24%	22%	20%
Use market-leading technology for administration	17%	29%	15%	17%	13%

Figure 19. Administration and operations top priorities (percentage of top three)

	Global	NA	EMEA	LatAm	APAC
Streamline internal operations	50%	56%	47%	52%	47%
Review effectiveness of operational policies and procedures	47%	39%	40%	46%	56%
Integrate benefit info systems with HRIS	43%	30%	44%	51%	44%



Analytics, insights and reporting



Analytics and insights help employers better understand the wants and needs of different employees and make data-driven decisions critical to delivering a personalized employee experience.

Employers globally gave themselves low to middling effectiveness scores across key aspects of analytics. While over four in 10 (45%) indicate they access the latest information to understand market trends and legislative development, only 38% say they use data and analytics to understand program effectiveness. In North America, U.S. employers gave themselves considerably higher scores in these categories, with a majority indicating they understand trends and developments (69%) and program effectiveness (57%).

Additionally, many employers globally are overlooking the value of listening strategies. Fewer than three in 10 (29%) report using surveys and focus groups to understand employee wants and needs.



Setting priorities.

The weakest area overall – understanding wants and needs – is also the highest employer priority globally as well as in EMEA and Latin America (Figure 20). In Asia Pacific and North America, benchmarking benefit programs tops employers’ priority list for analytics.



Taking action.

Close to two in five employers globally (37%) are looking to deploy listening strategies in order to better understand employees’ views on benefits in the next two years.

Also in the coming two years, roughly a third are planning or considering the following measures: using predictive analytics to forecast costs and risks (34%), using data to identify at-risk employees (35%), and connecting health and wealth (33%).

Figure 20. Analytics top priorities (percentage of top three)

	Global	NA	EMEA	LatAm	APAC
Understand wants and needs	53%	40%	57%	57%	53%
Benchmark benefit programs	48%	54%	49%	34%	55%
Measure program effectiveness	39%	44%	37%	40%	36%



Benefit Trend Survey scorecard

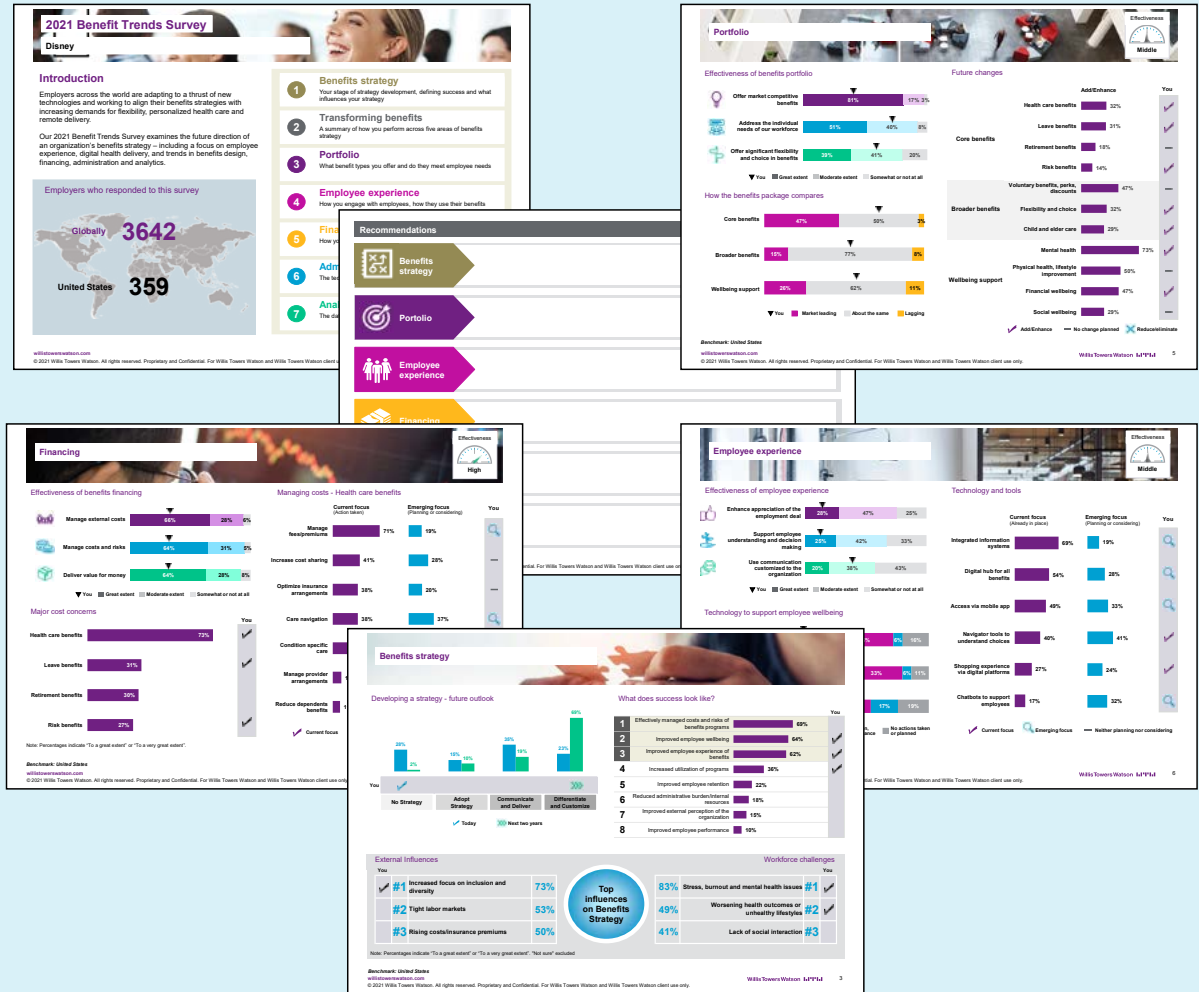
The strategy effectiveness score reflects how employers assess themselves in five dimensions of benefit programs: portfolio; financing; employee experience; administration and operations; and analytics, insights and reporting.

For each area, we ask employers to assess their performance according to three key metrics of success. For example, in financing we ask how effectively the benefit package delivers value for money, manages costs associated with external advisors and vendors, and manages risks using benefits design. Based on these responses, each dimension is scored as low, middle or high effectiveness. The overall effectiveness score then combines these scores into a single overall measure.

How to get a scorecard

You can still take our survey and receive a personalized scorecard that benchmarks your organization to your peers, and speak with a benefit strategy consultant at no charge.

Take the survey [here](#) or reach out to your regular Willis Towers Watson contact.



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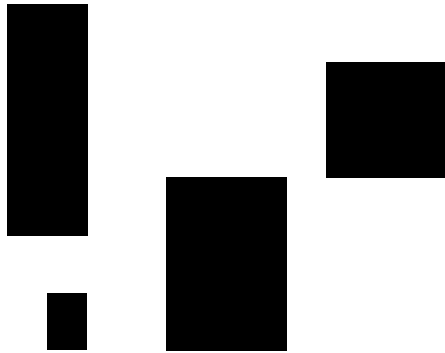




Next steps for employers

The following measures can help employers as they look to reshape their benefit strategy to attract and retain talent necessary to thrive in a post-pandemic world:

- Integrate wellbeing into the benefit portfolio with a special focus on emotional wellbeing.
- Develop a digital strategy for benefits with the goal of personalizing the employee experience. Implement the strategy using digital tools, personalized communication and manager support.
- Focus on DEI and ESG to attract and retain diverse talent.
- Use listening strategies, analytics and measurement to develop benefit programs that meet employees where they are and where they are going.
- Streamline operations and improve efficiency in administration.
- Continue to manage rising costs, in particular healthcare costs, by focusing on plan design, premiums, and – as appropriate – care navigation and provider arrangements.



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