Harnessing growth and seizing opportunity

2023 Workforce Benefits Study

EY
Building a better working world

LIMRA
Navigate With Confidence

Executive summary

The LIMRA-EY *2023 Workforce Benefits Study* confirms that flexible and holistic strategies are key for employers looking to meet the needs of a diversifying workforce, compete for talent and maximize their return on benefits investments. To drive growth in a challenging economic environment, insurers and benefit providers must develop portable and personalized solutions, engaging experiences and a consultative approach that helps employers attract the talent they need to win today and tomorrow.

Our research identifies the following major trends and forces all industry stakeholders must navigate:

The generational tipping point
Though older workers are working longer, millennials and Generation Z now represent the majority of workers, and by 2031 will comprise more than 60% of the workforce[1]. Benefits plans and programs that today are designed primarily for baby boomers and Generation X must be modernized to meet a broader range of needs and preferences and delivered in a contemporary way.

New working norms
The working world is forever changed and so-called alternative working styles are now fully mainstreamed. Remote and hybrid models are here to stay and the gig economy, which younger generations prefer, will continue to grow.

New expectations for benefits
Workers' value of benefits remains high in a post-pandemic world, and they are now looking for even more options. Nontraditional offerings that would have been afterthoughts a decade ago are now central to employers' value proposition, especially given today's intense competition for talent.

Tech-driven transformation
Everyone is ready for more digitalization and data-driven solutions, especially when it comes to benefits guidance and advice. Generative artificial intelligence (AI), advanced analytics and other tech-led innovations can address long-standing challenges and deliver much needed benefits experiences that suit the increasingly virtualized working world and better align with the expectations of a younger and growing workforce.

[1] "Employment Projections," *U.S. Bureau of Labor Statistics website*, https://www.bls.gov/emp/graphics/labor-force-share-by-age-group.htm, accessed June 2023.

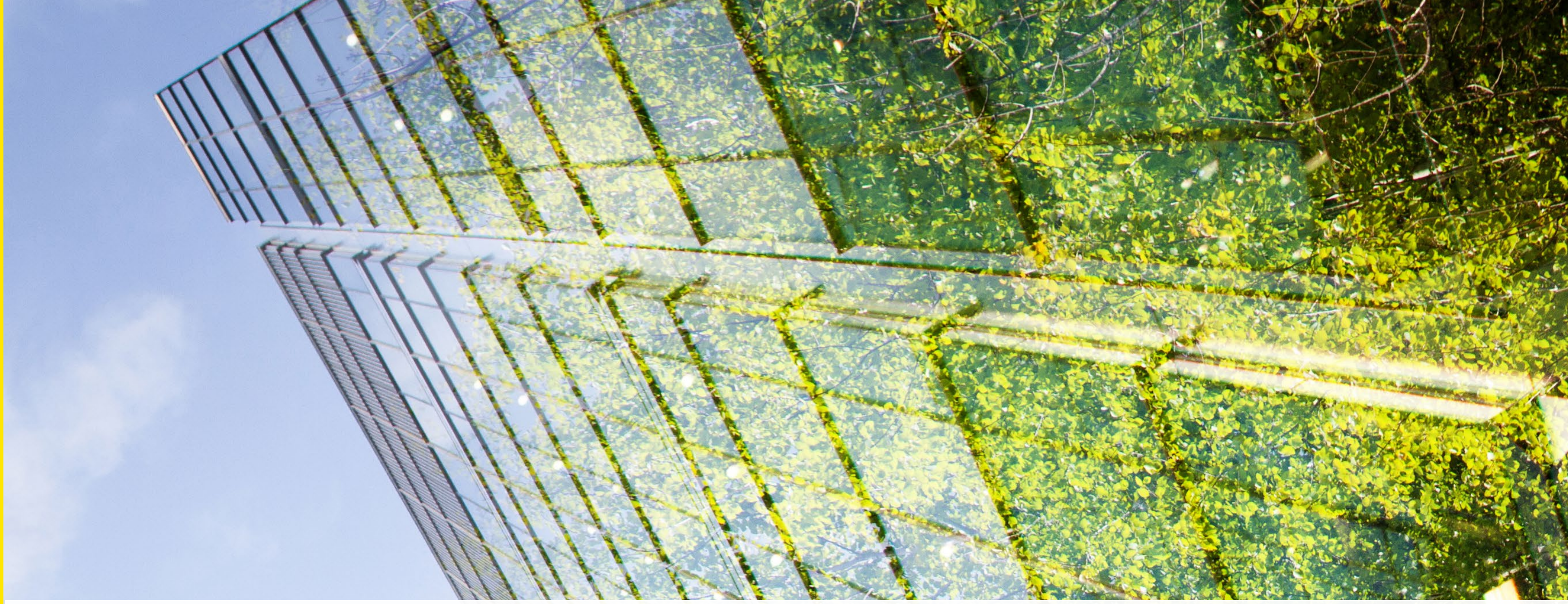
LIMRA-EY Wheel of Wellness

To help all industry stakeholders find the right way forward, we developed the LIMRA-EY Wheel of Wellness, a holistic model for designing high-value benefits programs that satisfy the diverse needs of multiple generations of workers. Focused on five key dimensions of wellness, the wheel can help organizations build a happier, healthier, and more productive and financially secure workforce.

This year's research, an update to our well-received 2021 study, focuses on generational diversity. The workforce is more heterogeneous than ever in terms of race, ethnicity, gender, sexual orientation, and family and household structure. That diversity, coupled with the generational tipping point organizations face, is why holistic and flexible strategies are so important — and why the Wheel of Wellness is so relevant and useful. Our tool also helps companies pressured by rising interest rates, high inflation and a recessionary environment to deliver value for every dollar they invest in benefits.

About our workforce benefits study

To explore the current state and future evolution of the workforce benefits market, LIMRA and Ernst & Young LLP (EY US) surveyed 830 employers representing a cross section of industries and organizational sizes. The sample was weighted to be representative of the total population of US employers that offer insurance benefits with at least 10 employees. We also surveyed over 1,800 US workers, with balanced representation across age, gender, income, race and region, weighted to represent the US working population.



Key finding 1

The workforce has never been more heterogeneous, fluid and virtualized — and will only become more so in the years to come.

Today, there are four primary generations in the workforce. Baby boomers, who have long dominated, are retiring in great numbers and represent less than a quarter of all workers. The influence of Generation X will slowly be eclipsed by Generation Z and millennials, who will comprise a large majority of the workforce within a decade.

For insurance carriers and benefits providers, the demographic shift equates to a fundamental change in their target customer segments. As younger generations form families, advance in their careers and accumulate assets, they will move into the industry's historical sweet spot, with its focus on health insurance for dependents, retirement savings and other types of traditional benefits.

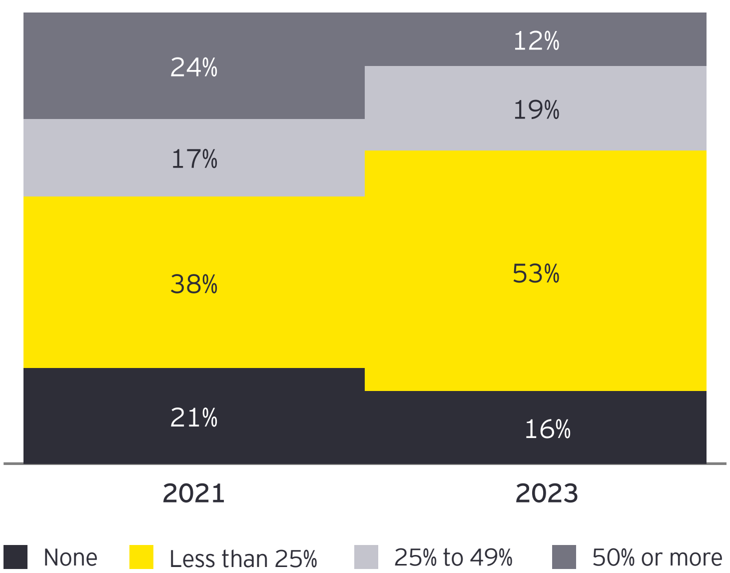
However, each generation has unique benefit needs and preferences, which challenge the historical one-size-fits-most approach to benefits design and benefits engagement. The pandemic further accelerated this trend, with workers looking for more benefits related to physical, financial and mental wellness delivered in a more contemporary (i.e., digital) way. In our survey, almost one-third of all employers and 40% of organizations with 1,000 or more workers said that meeting the needs of the multigenerational workforce was a key challenge.

The new work realities — remote and gig

In the early stages of the pandemic, conventional wisdom held that remote working would be a temporary phenomenon and everyone would ultimately return to the office. That's not how things turned out. Many employees felt empowered by more flexible work schedules and the ability to do their jobs from anywhere. Other individuals rethought their personal purpose or the role of work in their lives, which led to the "great resignation" and the emergence of quiet quitting and digital nomads. Many executives and managers who were previously skeptical of working from home were pleasantly surprised by how quickly their companies could adapt with little impact on worker productivity. Some firms even experienced productivity gains.

While remote work proved to be a viable short-term solution, many organizations quickly saw the drawbacks, particularly for knowledge-based occupations that benefit from in-person collaboration. Employee onboarding, training and mentoring also suffered. Organizations are now exploring various remote and hybrid approaches in an effort to balance the needs of the business with a compelling value proposition to compete for talent. In our survey, 84% of employers said at least some of their workers continue to work remotely; 31% said that more than a quarter of their workers work remotely most of the time, though the percentages vary significantly based on the industry and type of work. *See Figure 1*.

Figure 1: Employer experience with remote work

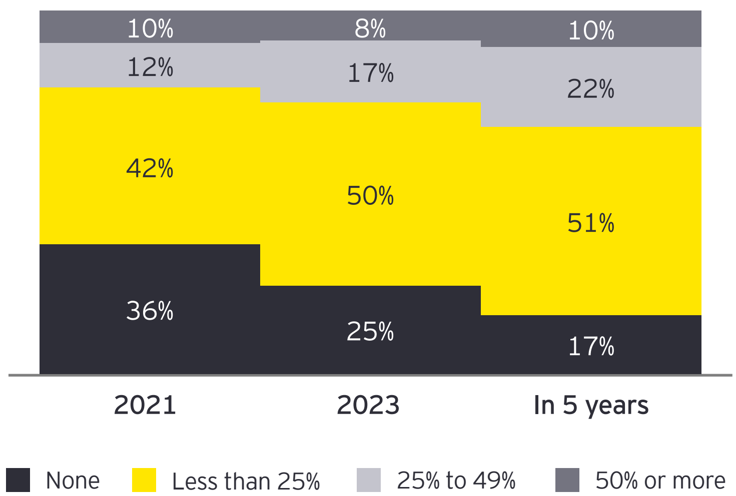


Question: What percentage of your company's employees are currently working remotely?

As employers refine their work models based on employee preferences and organizational objectives, they will also need to modify their approach to benefits delivery. Today, more than a quarter of employers see communicating with and educating remote workers among their biggest challenges relative to benefits delivery.

Of course, it's not just the when and where of working that's changed, but also the who. Given the continued competition for talent, more organizations are relying on nontraditional workers, including independent contractors and freelance workers. Our research finds that employers expect steady growth in the use of this cohort in the years to come, with a third saying nontraditional workers will make up at least 25% of their workforce by 2028. *See Figure 2*.

Figure 2: Employer expectations for the use of independent contractors



Questions: What percent of your company's workers are currently contract or freelance workers?

In five years, what percent of your company's workers will be contract or freelance workers?

Employers' growing interest in nontraditional workers is not surprising given the upside. Freelancers and independent contractors allow employers to be nimble in meeting their staffing needs, in managing labor costs, and in providing suitable opportunities for people who prefer or are unable to participate in traditional employment (i.e., Form W-2) relationships.

Our worker survey results confirm the huge size of the gig workforce and suggest it will continue to grow:

34% **currently participate in the gig economy to some extent.**

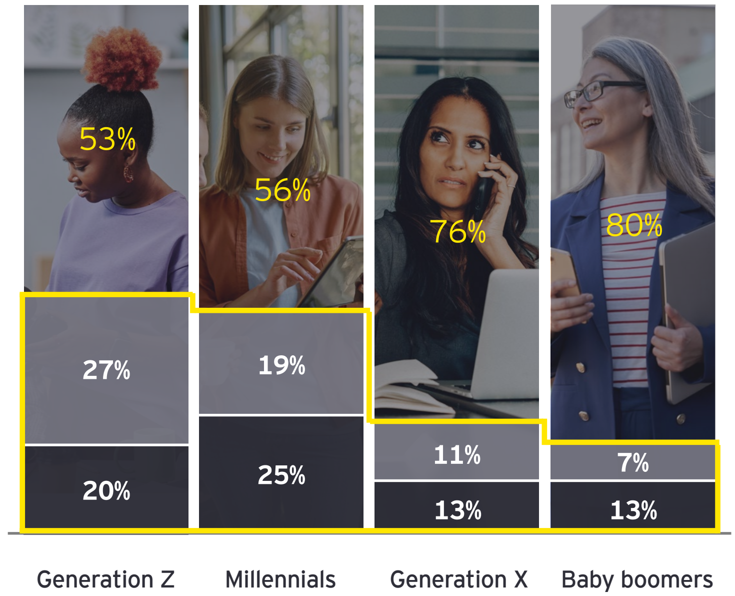
19% **currently say freelance work is their primary source of income.**

29% **say gig work could possibly be their primary source of income in five years.**

Of the two-thirds of workers who don't currently have freelance or gig work, 36% said they are considering starting such work in the next five years, while 65% of those with a current "side hustle" might pursue gig work as a primary source of income in the next five years. Gen Z and millennials, who represent over 50% of all workers today, are much more likely to participate in the gig economy. *See Figure 3*.

The expansion of the gig workforce is a potential growth opportunity for insurers and benefits providers that can develop innovative strategies to supply benefits to these workers, either directly or indirectly. Retail and other insurance distribution channels, including digital and direct-to-consumer models, may gain traction with gig workers and expand the competitive landscape in workforce benefits beyond traditional providers.

Figure 3: Workers currently pursuing freelance or gig work



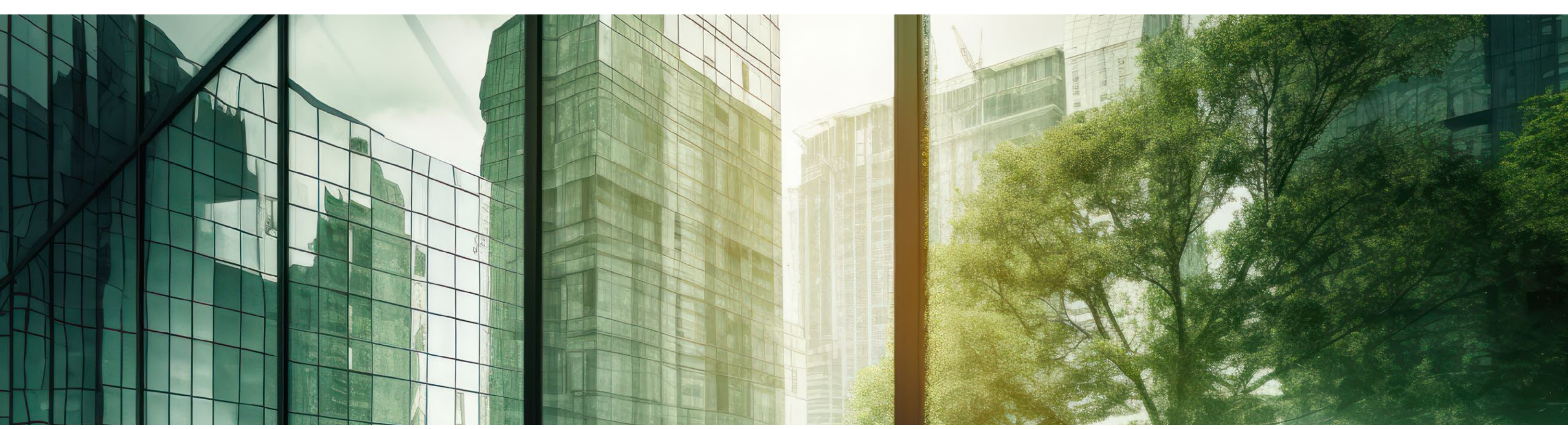
I do not freelance or have a gig job.

I freelance or have a gig job in addition to a traditional full-time or part-time job.

I freelance or have a gig job and it is my primary source of income.

Question: Which of the following best describes your participation in freelance or gig work arrangements?

Nearly 50% of Generation Z and millennials — who collectively make up over 50% of the workforce — are pursuing nontraditional employment.



Gig's popularity will continue to expand as organizations seek to retain their best freelance workers and this approach continues to appeal to workers. That explains why 69% of employers are at least considering offering insurance benefits to contract and freelance workers in the future. Those benefits may extend beyond insurance to include paid time off and access to training and other amenities.

Historically, employers have been hesitant to offer benefits to contract workers due to the legal and logistical challenges of doing so, as well as concerns that they may be seen as misclassifying Form W-2 employees as freelancers. While these challenges remain, some employers seem ready to navigate the potentially complex legal and tax implications at both the federal and state levels. The combination of employers' willingness to offer benefits, rising interest among workers in nontraditional work arrangements, and the huge retirement savings and health insurance gaps also suggests that regulators may be more open to creative solutions than they have been in the past.

Sixty-nine percent of employers are considering offering some insurance benefits to contract and freelance workers.

The opportunity to provide benefits to gig workers — either directly or through the organizations that hire them — frames a potential compelling growth opportunity for insurers, benefit providers and other firms. To serve individuals, they will need to solve for portability, product design (including stop-start coverages) and pricing. They may also engage with employers on voluntary benefits packages for gig workers. Education and communication will also need to be delivered in a unique way. First movers will have an advantage as more workers enter the gig economy in the coming years and rely on freelance work as their primary source of income.

The evergreen value of benefits

Despite the dynamic changes happening in the workforce, one thing remains certain: Workforce benefits remain essential in the competition for talent. Indeed, almost all employers, no matter their size or industry, plan either to maintain or increase the number of benefits they will be offering employees in five years. *See Figure 4.*

When asked whether benefits would be critical to attract and retain talent, nine of 10 respondents — and 95% of those from organizations with at least 1,000 employees — agreed. Additionally, 50% of small employers and 62% of large employers said they will increase the number of benefits offered in the next five years. Regardless of employer size, very few expect to offer fewer benefits.

Figure 4: Employer expectations for benefits offerings in five years

Question: In five years, do you think your company will be offering fewer, the same or more benefits than it does now?

Our 2021 prediction: In five years, fewer than 50% of workers will be traditional employees in the workplace.

Our 2023 view: The robust gig economy will continue to redefine the workforce and the nature of work at a large scale and at a rapid pace. As they adjust to the new working realities, employers and regulators may spark further shifts.

Key finding 2

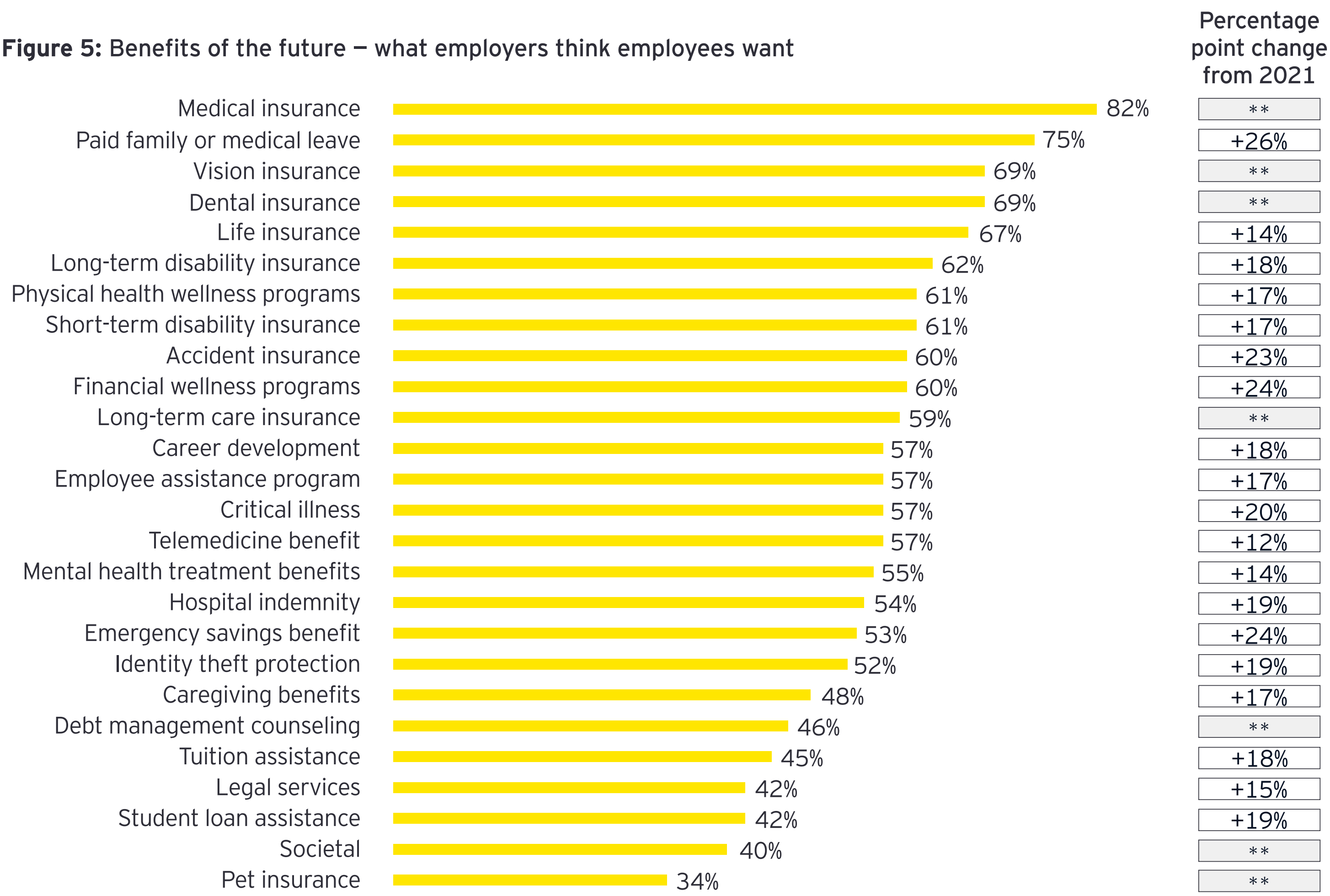
Meeting the expanding and unique benefits needs across generations is critical to attracting and retaining talent.

With the competition for talent persisting, despite an uncertain macroeconomic landscape and changing workforce dynamics, benefits remain a powerful tool for employers to execute talent management strategies in line with their organizational objectives. At the same time, a more heterogeneous workforce means more individuals are looking for a broader range of benefits with more personalized options to meet their diverse needs, preferences and lifestyles. Six in 10 employers (and seven in 10 large employers) feel that it is somewhat or very likely that employees at their company will expect a wider variety of benefits options in the future.

This year's research shows that pandemic-driven needs are sticking, and that the interest in and value placed on nonmedical benefits remain extremely high for both employees and employers. Further, it highlights how the interest in many different types of benefits has grown over the past two years. Clearly, employers — and smaller organizations in particular — that are returning to more stable work environments after the pandemic view comprehensive benefits packages as critical to attracting and retaining employees.

It's no surprise that medical insurance tops the list of benefits that employers think their employees will value in five years, along with other high-utilization benefits, such as vision and dental insurance. *See Figure 5.*

Figure 5: Benefits of the future — what employers think employees want



* Percent of employers who believe their employees will be extremely or very interested in the benefit.
** Not measured in 2021 survey.

Question: Five years from now, how interested do you think your employees will be in the following types of benefits?

However, the dramatic growth of perceived employee interest in nonmedical benefits is particularly notable. Consider that employers see paid family leave as the second-most important benefit in the eyes of employees, rated nearly as important as medical insurance. Currently 13 states and the District of Columbia have enacted paid family leave legislation, with several other states considering adopting similar legislation. Traditional voluntary products (e.g., critical illness, accident and hospital indemnity) are also highly relevant and will, according to employers, be high priorities for employees in five years.

However, additional services such as emergency savings programs, career development programs and broader wellness offerings are becoming even more valuable than some traditional voluntary products, a trend that is clear both from the current and prior research. These findings reflect the continued emphasis on having more benefits programs designed around holistic wellbeing.

Almost all of the products and services included in our survey have seen increases in employer interest since 2021, with the most significant increases among small employers because of the increased levels of exposure in the competition for talent. The confluence of shifting demographics, macroeconomic uncertainty and post-pandemic realities placed a premium on a range of high-value benefits that will differentiate employers, both today and in the future.

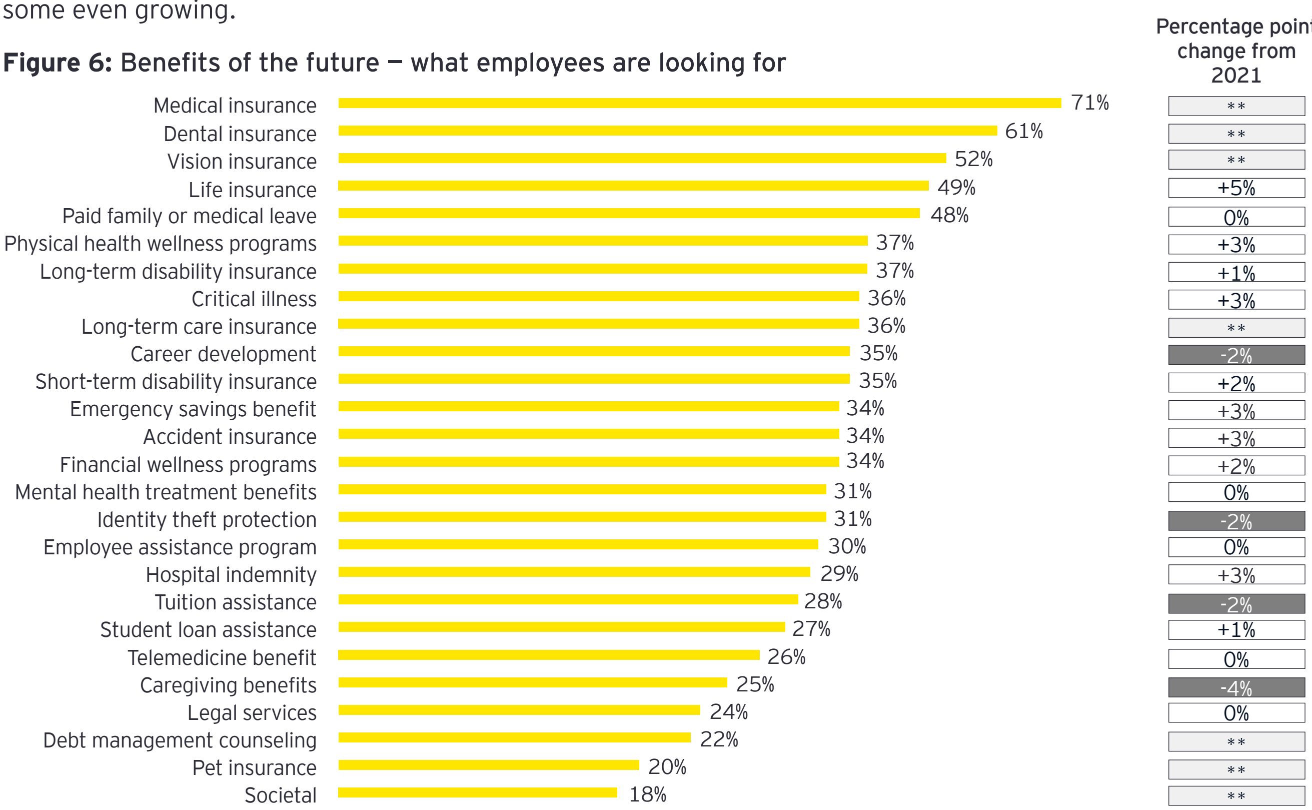
The implication is that employers offering a comprehensive suite of benefits will be best positioned to compete for talent, even though they acknowledge that some of the cost of additional benefits will be shifted to employees. Forty-three percent of employers indicated that their employees will be paying a greater share of insurance benefits cost in five years than they do today.

The employee perspective on benefits

Our employee research confirms that traditional employer-paid products and services will remain at the core of benefits packages, with widespread expectations for more holistic offerings. Most employees expect their employers to provide medical insurance, while paid family leave, dental, vision and life insurance are highly valued benefits. And traditional voluntary or supplemental health benefits will still be important as employers provide more optional and employee-paid benefits in the future. *See Figure 6.*

But benefits that promote wellbeing, including offerings focused on mental, physical and financial wellbeing — have become even more important to employees. Many of these needs (particularly those related to mental health and wellness) spiked during the pandemic and continue to remain highly relevant. Here again, employees indicate that they expect a richer set of benefits, including access to those that were introduced during the pandemic. The value of those benefits is sticking, and for some even growing.

Figure 6: Benefits of the future — what employees are looking for



Question: Regardless of whether the benefit is currently available to you at work, how interested would you be in having your employer offer it in the future?

* Percent of employers who believe their employees will be extremely or very interested in the benefit.
** Not measured in 2021 survey.

The holistic wellness revolution

As employees place more emphasis on overall wellbeing, it can be helpful to explore whether a benefits package is meeting all five dimensions of holistic wellness. They are:

Physical: products and services to help employees stay healthy and physically fit (e.g., health insurance, dental insurance, gym memberships)

Mental: offerings focused on mental and emotional strength and resilience (e.g., mental health benefits, employee assistance programs, meditation apps)

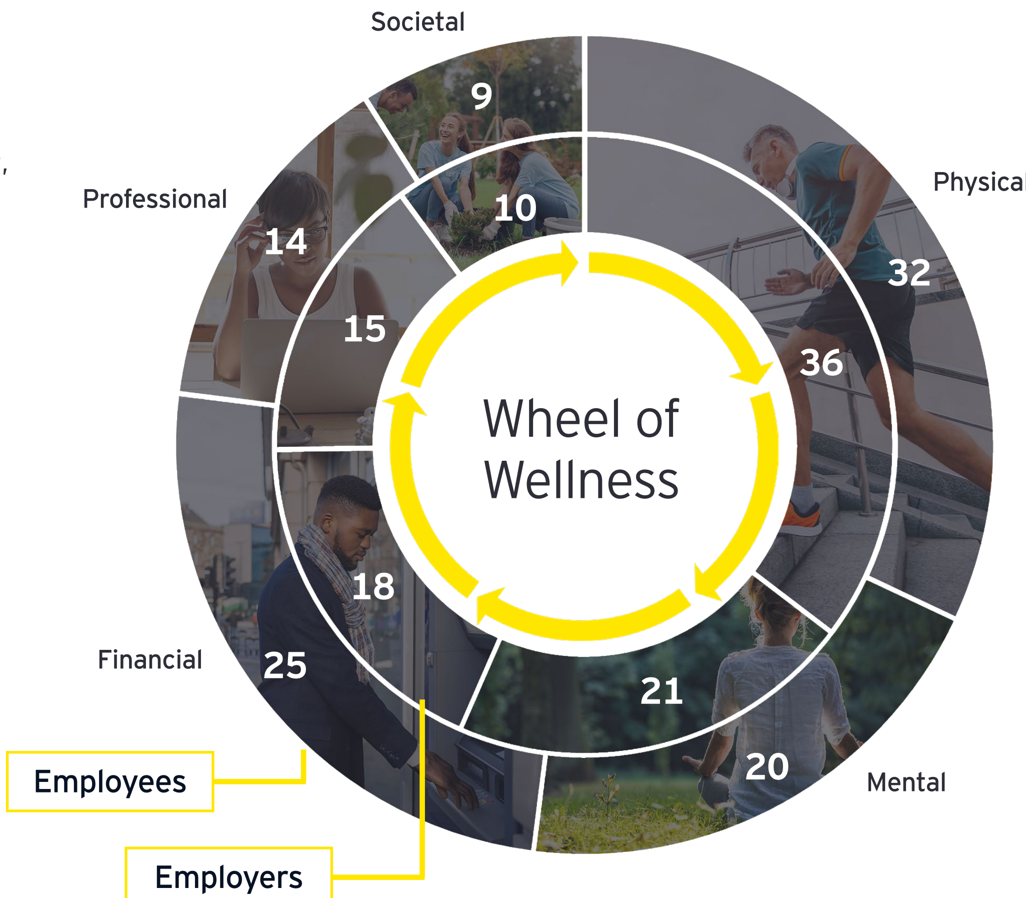
Financial: offerings that promote economic security and resilience (e.g., life insurance, disability insurance, supplemental health insurance, retirement savings, student loan repayment)

Societal: opportunities to contribute to the community (e.g., corporate volunteering programs, donation matching)

Professional: resources and tools to support performance and career development (e.g., tuition assistance, training, mentoring)

We used the Wheel of Wellness to compare employer and employee priorities and determine which types of benefits most resonate with different generations of employees. Asked to allocate 100 points across the five dimensions, employers chose physical wellness benefits as the most important, followed by mental and financial wellness benefits. Employees placed more emphasis on financial benefits than employers did. At the macro level, employers and employees are largely aligned on the importance of benefits for mental, professional and societal wellness. *See Figure 7*.

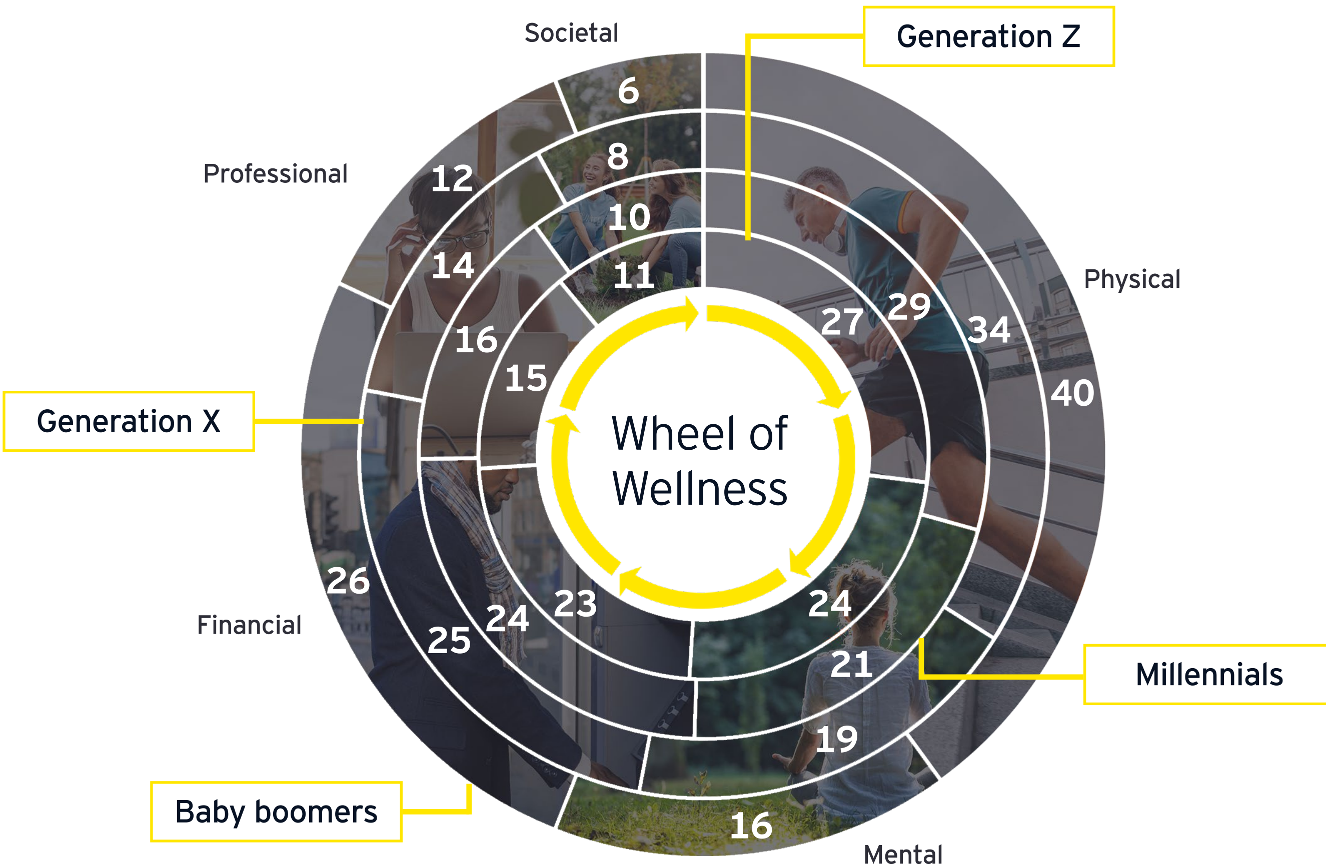
Figure 7: The Wheel of Wellness: employers vs. employees



Question: How would you allocate 100 points based on the importance of these wellness categories and each type of benefit?

However, the Wheel of Wellness also highlights some important generational differences. Baby boomers place much more value on physical wellness benefits than the younger generations do. In contrast, the younger generations — and Generation Z in particular — place relatively more value on mental, professional and societal wellness benefits. *See Figure 8.*

Figure 8: The Wheel of Wellness: employee preferences by generation



Question: How would you allocate 100 points based on the importance of these wellness categories and each type of benefit?

A closer look at specific benefits reveals these further generational differences, both across and within each element of wellness:

- All generations value financial wellness benefits, but the underlying needs and most relevant solutions vary, as evidenced by younger workers' interest in student loan assistance and debt management counseling and older employees' prioritization of income protection. *See Figure 9.*
- Baby boomers place the highest value on physical wellness benefits. Medical and other health-related benefits, such as dental and vision coverage, are high priorities for them.
- Generation Z values mental wellness benefits more than other generations. They view mental health benefits as important as vision insurance and nearly as important as dental and medical insurance.
- Millennials express the broadest range of needs across the wellness categories. Career development services, wellness programs, and emergency savings benefits are almost as important as paid leave, vision and life insurance to millennial workers.
- Societal wellness benefits see an incremental increase in value among younger generations. That's not surprising given that the pandemic caused many workers to rethink their personal purpose or the role of work in their lives, and that perspective carried through to their views of their employer. Benefits that allow workers to contribute to broader society are becoming increasingly relevant.

Figure 9: The benefits of the future — and which workers want them

	Generation Z	Millennials	Generation X	Baby boomers
Medical insurance	53%	70%	78%	79%
Dental insurance	47%	60%	66%	64%
Vision insurance	40%	49%	57%	57%
Life insurance	46%	53%	51%	42%
Paid family or medical leave	44%	55%	49%	39%
Long-term disability insurance	32%	36%	42%	36%
Long-term care insurance	31%	38%	37%	36%
Physical health wellness program	39%	44%	31%	29%
Critical illness	35%	37%	36%	36%
Short-term disability insurance	27%	34%	39%	35%
Career development	38%	46%	32%	18%
Financial wellness program	34%	44%	32%	14%
Accident insurance	36%	37%	32%	24%
Emergency savings	36%	45%	30%	19%
Mental health treatment benefits	40%	39%	27%	14%
Identify theft protection	32%	37%	26%	24%
Employee assistance program	28%	40%	28%	13%
Hospital indemnity	30%	31%	29%	25%
Tuition assistance	37%	36%	23%	10%
Student loan assistance	40%	36%	21%	5%
Telemedicine benefits	24%	35%	25%	12%
Caregiving benefits	25%	32%	24%	14%
Legal services	27%	30%	19%	13%
Debt management counseling	25%	30%	19%	7%
Pet insurance	28%	26%	17%	6%
Societal	25%	24%	14%	4%

Critical | High | Medium | Low

Question: Regardless of whether the benefit is currently available to you at work, how interested would you be in having your employer offer it in the future?

These results clarify how benefit programs largely designed for the needs of baby boomers and Generation X don't necessarily meet the needs of Generation Z and millennials. With workforces now largely comprising these younger cohorts, employers will need to evolve their benefits packages and delivery models to fulfill their talent needs today and tomorrow. For insurers and other benefits providers, the priority must be to develop more flexible offerings that can be modified to meet changing needs at different life stages and deliver them in an engaging way that resonates with the workers of the future. Technology will be key in helping close this gap.

Our 2021 prediction: The nonmedical benefits market grows by 20% during the next five years.

Our 2023 view: New needs, evolving expectations and sustained competition for scarce talent will drive steady and significant increases in the demand for workforce benefits. Nonmedical benefits will only become more important and will soon be viewed as baseline must-haves for workers evaluating different organizations and their work options.

Key finding 3

Digitalization is the way for employers to satisfy generational preferences for engagement and maximize benefits ROI.

The pandemic accelerated digitalization (i.e., the migration of business processes to digital technologies) over the last few years, and workforce benefits were no exception. There has been a steady rise in the importance of digital capabilities for all stakeholders. Our 2021 study showed that the industry was ready for fully integrated and data-driven ecosystems, and that the ease of the experience will be the driver of carrier selection and top quartile performance in the future.

Insurance carriers and other benefits providers increasingly compete based on the strength of their digital capabilities and tech-enabled service experiences. That's true because administrative efficiencies and richer service experiences are what matter to employers and employees. Stronger digital capabilities also enable insurers to differentiate themselves based on more than just price. As such, digitalization is essential to harnessing growth for insurers and benefit providers.

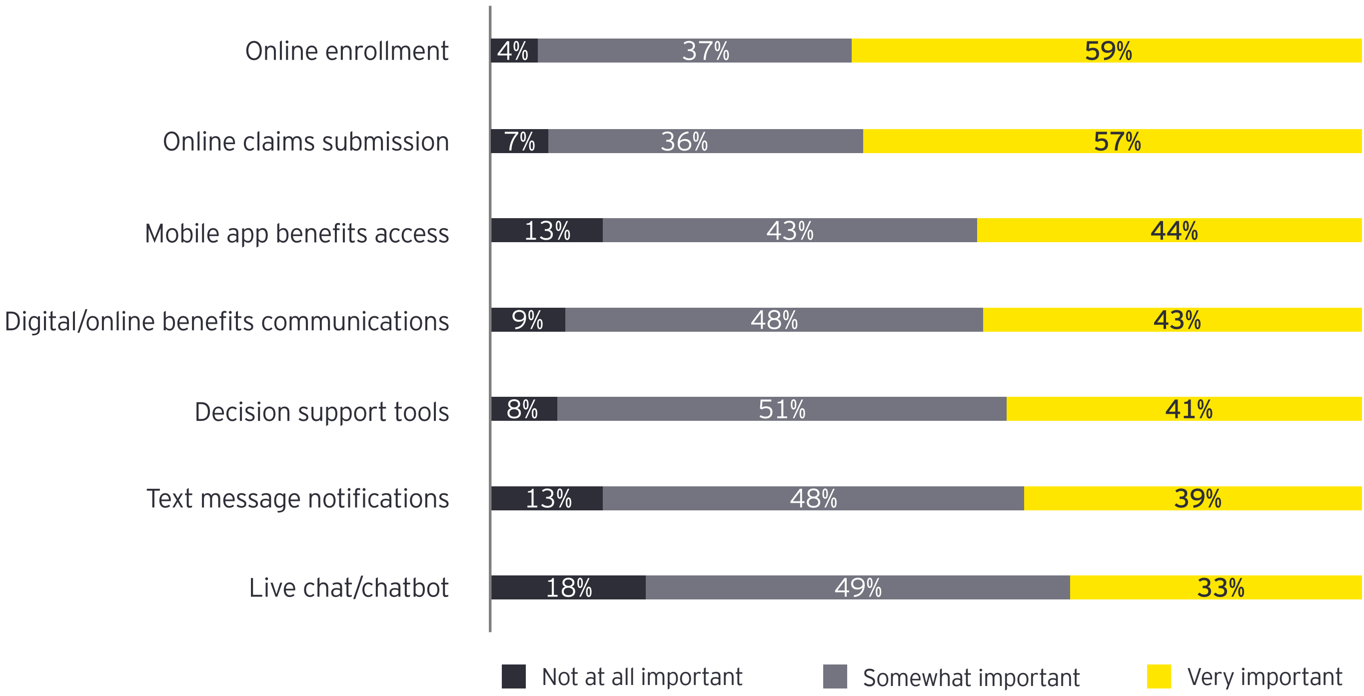
Our latest research finds that digitalization is critical to aligning benefits delivery to both employer and generational preferences, driving new levels of engagement and enhancing the value of benefit programs. Rising expectations for benefits delivery have been shaped by the rich and intuitive experiences provided by leaders in other industry sectors.

What employees want from technology

Just how important is digital? Approximately 90% of employees say they value personalized, digital experiences as they shop for, select and use their benefits. Our research found employees regard online enrollment and claims submission as the most important digital services. But while a digital experience is critical, this does not imply that digital and self-service models will completely replace the human component. *See Figure 10.*

Given the complexity of benefits, it is important that workers have access to human support to help them make informed decisions. Technology plays an increasingly central role, particularly as decision support tools become more robust and data driven, are capable of offering customized advice and making personalized recommendations. Live chat or chatbot support is also important. These capabilities will only become stronger as organizations further leverage natural language processing, generative AI and other advanced technologies to create more conversational, intuitive tools to help employees make informed decisions about their benefits.

Figure 10: Employee preference for digital services



Question: When enrolling in or using your employee benefits, how important is it to have the following digital and online capabilities available to you?

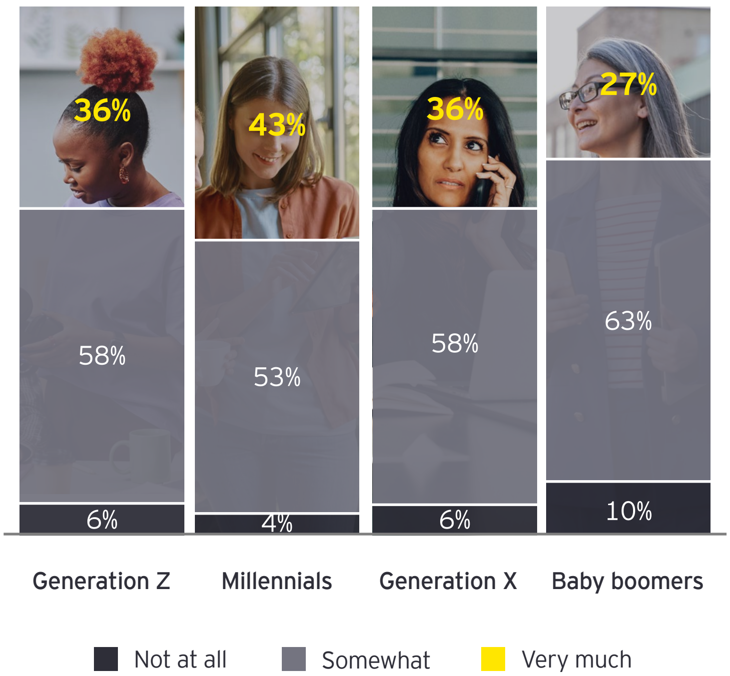
Base: employees with access to employer-provided insurance or retirement benefits

The importance of digital guidance

Our research confirms the huge upside of digitalization relative to guidance in evaluating and selecting benefits options. Across generations, large majorities of workers want employers to assist them in choosing the right benefits for unique needs and situations. Younger generations, which have the broadest set of needs, are the most reliant on their employers to provide such guidance (88% for Generation Z vs. 74% for baby boomers).

Our research also shows how different generations feel about receiving benefits guidance through digital channels. The vast majority of workers — over 90% across all generations — feel that guidance can be provided somewhat or very successfully through digital channels. *See Figure 11*. Millennials are the most comfortable with digital benefits assistance. While all generations are willing to engage digitally, younger generations express the highest interest in using mobile apps for benefits information and tasks. For example, 57% of Generation Z prefers mobile apps, compared with only 23% of baby boomers. *See Figure 12*. Today, however, the majority of guidance is delivered via online or mobile-responsive sites, which is the preference of a shrinking segment of the workforce.

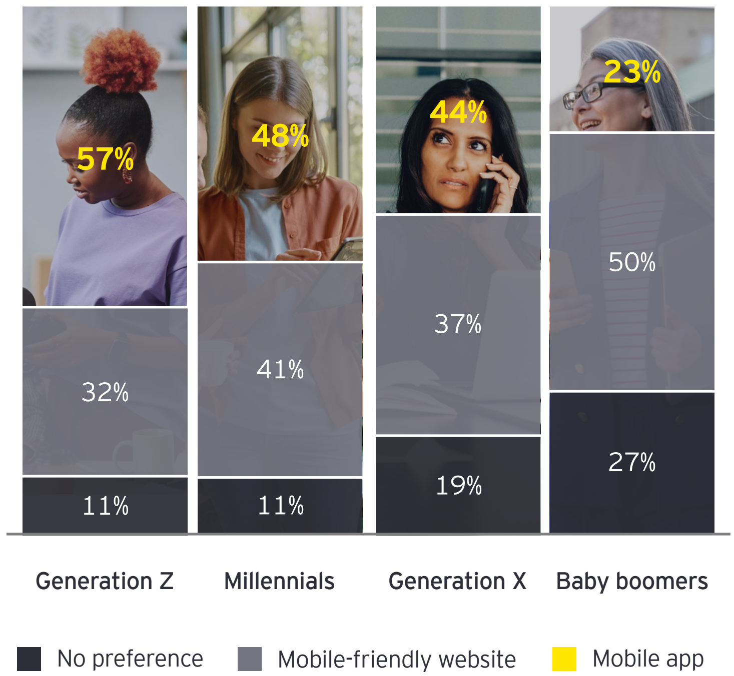
Figure 11: Employee views on the efficacy of digital channels



Question: To what degree do you feel benefits guidance and assistance can be successfully provided through websites, mobile apps, and other forms of technology?

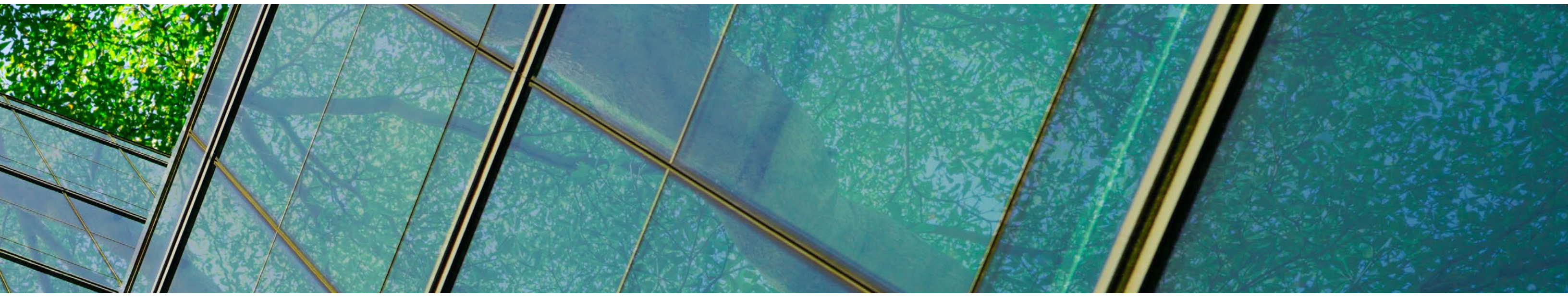
Base: employees with access to employer-provided insurance or retirement benefits

Figure 12: Employee engagement preferences for mobile apps



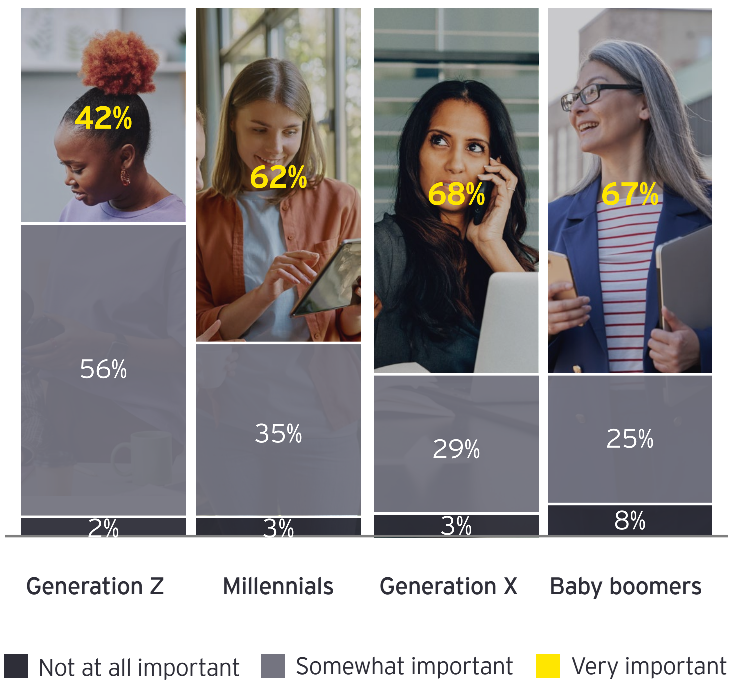
Question: If you were to access your benefits from a smartphone or mobile device, which would you prefer?

Base: employees with access to employer-provided insurance or retirement benefits who indicate that accessing benefits on a mobile device is very or somewhat important



Even tried-and-true practices like payroll deduction may be affected by changing workforce demographics. This feature is less important to Generation Z than to other generations, which may give employers and carriers leeway to experiment with alternate (e.g., digital) payment methods in the future. *See Figure 13*.

Figure 13: Employee views on the importance of payroll deductions



Question: How important is it that (when applicable) your benefits are paid for through payroll deduction?

Base: employees with access to employer-provided insurance or retirement benefits

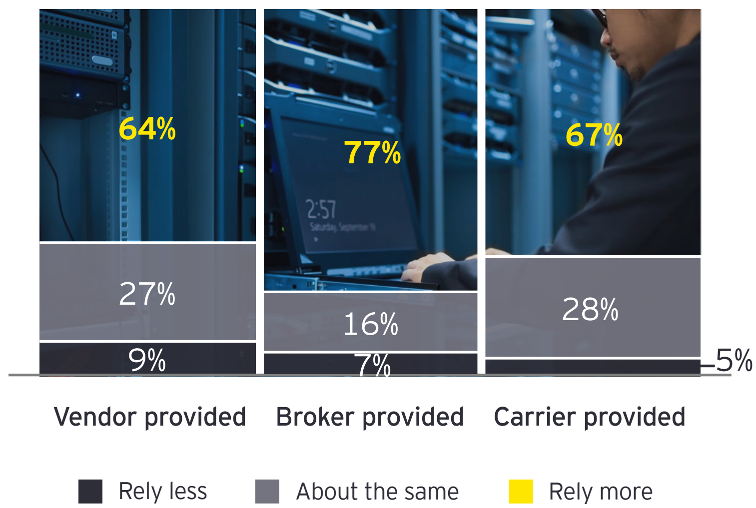
Looking more closely at the claims process, more than 90% of all workers believe digital intake for claims is an important experience provided by benefits carriers. Generation X and millennial workers express the strongest interest.

Again, these findings outline how benefits programs and experiences must be refined to meet the needs of today's workforce and get ahead of tomorrow's evolving needs. They also suggest the potential for generative AI to further transform employee education and the benefits selection process.

What employers want from technology

Employers are looking for their benefits partners to lead on technology. More than two-thirds of employers believe that they will rely more heavily on third-party technology in five years — including tools provided by insurance carriers, brokers, technology vendors, and benefits administration and enrollment firms. Many employers do not rely exclusively on any one provider. In fact, large majorities of survey respondents expect to continue their heavy reliance on all of these partners. When it comes to adopting technology, employers are thinking *and* rather than *or*, further demonstrating the need for a fully data-driven ecosystem. See *Figure 14*.

Figure 14: Employer views on benefits technology

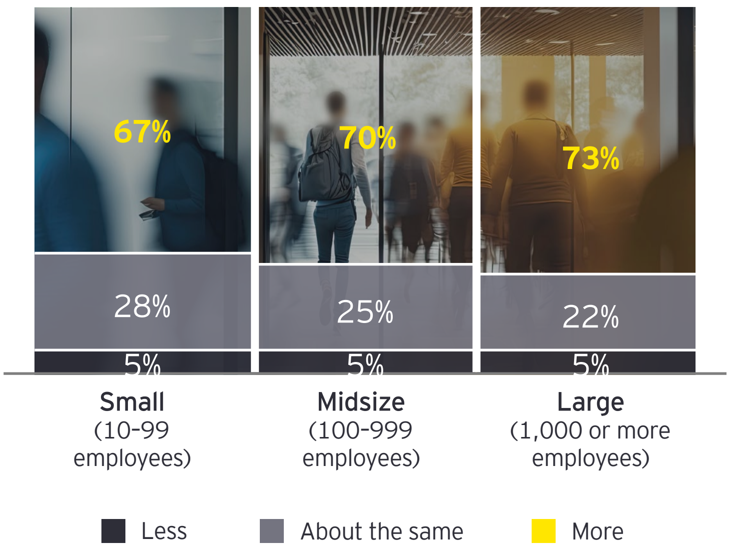


Question: Five years from now, do you think your company will rely on its benefits technology more or less than it does now?

Base: employers currently utilizing respective benefits technology solution

Our research shows the rising competitive stakes around technology, as employers evaluate potential benefits partners. Two-thirds of small organizations, 70% of midsize employers and 73% of large employers say they will rely more heavily on carrier-provided technology in five years. As with previous studies, this year's research demonstrates how quality experiences and services will drive carrier performance and growth in the future. *See Figure 15.*

Figure 15: Employer reliance on carrier digital capabilities



Question: Five years from now, will your company rely on carrier-provided technology more or less than it does now?

Base: employers currently utilizing a carrier-provided benefits technology solution

Integration is also becoming more important: Nearly half of all employers would switch to a different benefits provider if their current provider was not integrated into their benefits technology platform. *See Figure 16.* In addition, 59% of employers said they would select carriers based on their ability to connect with their benefits technology platform, compared with 41% that said they would select the carriers with the best value product.

Figure 16: Employer views on the importance of connectivity to carrier selection

Question: If one of your current insurance carriers were unable to connect their products to your benefit technology platform, what would your company do?

Base: employers using a noncarrier-provided benefits technology platform

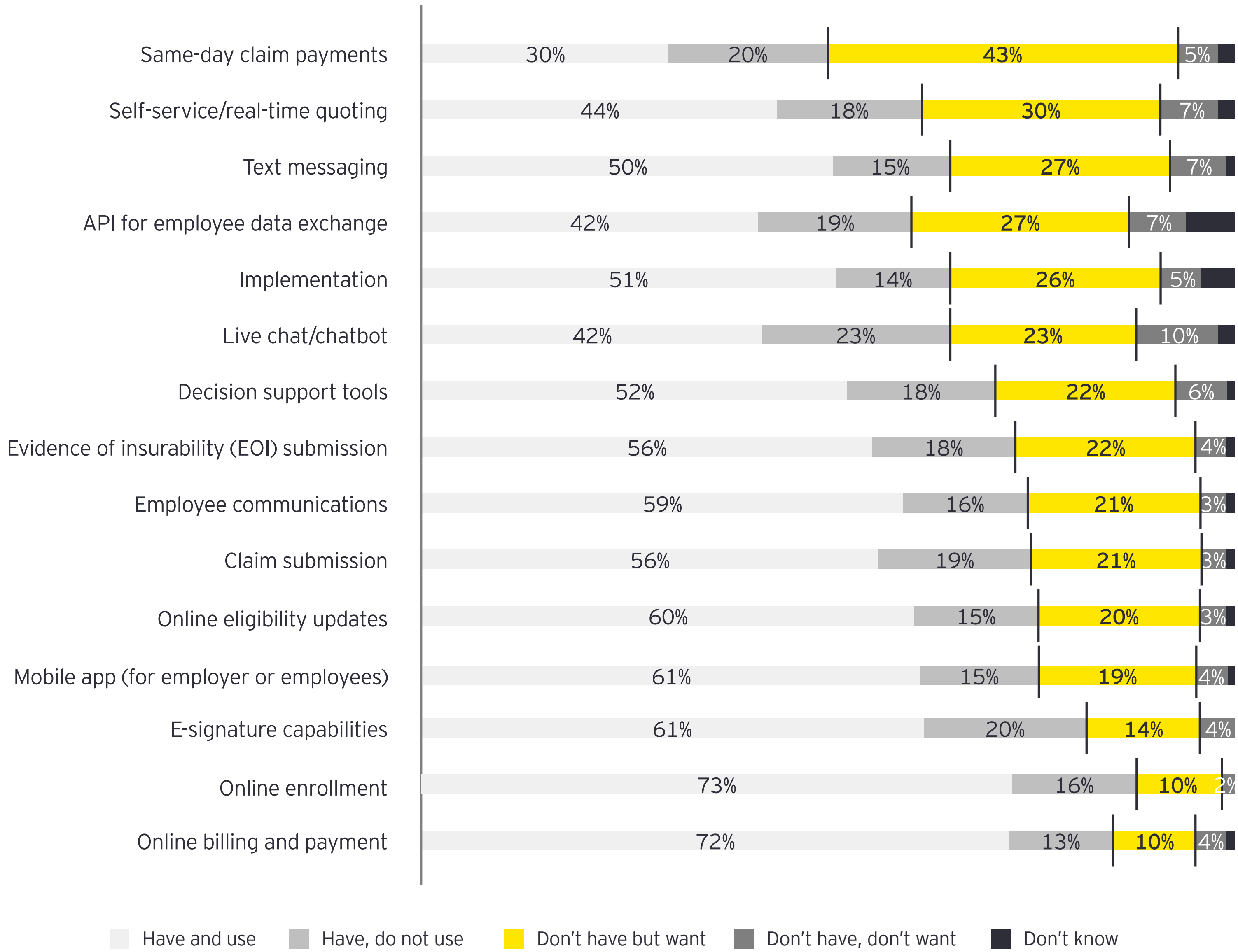
Our 2021 prediction: In five years, digital capabilities and intuitive, tech-enabled service experiences will be the top criteria for selecting carriers and benefits providers.

Our 2023 view: Digital will dominate every aspect of workforce benefits, raising the bar for carriers in terms of delivering highly intuitive and personalized service experiences. Some employers already consider digital as their top criterion, and more will be following suit in the years to come.

These are strong demand signals. Employers, like employees, don't want point solutions but rather rich digital experiences incorporating end-to-end processes. So where should insurers and other stakeholders focus their technology investments? Employers are ready to adopt digital channels and services across the full value chain — from underwriting to claims. Larger employers are most focused on digital communications, decision support and API connectivity. *See Figure 17.* According to employers, their top five greatest unmet digital needs from our current research are:

1. Same-day claim payments
2. Self-service quoting
3. Text messaging to employees regarding claim status, etc.
4. Application programming interfaces (APIs) for data exchange
5. Digital implementation (onboarding) of a new carrier or benefit

Figure 17: Current employer use of and interest in digital services



Question: Indicate whether the benefit technology tool is available to you and whether you currently use it, or would use it if it were available.

A framework for benefits innovation:

the Wheel of Wellness

In addition to our research, conversations with market stakeholders during the last several years have clarified the need for a new framework for shaping benefits strategies. Such a model must reflect changing societal dynamics, the new employment realities (including the gig economy), a more diverse workforce and the growing consensus about the importance of wellness.

A holistic approach to benefits design and delivery can produce the value organizations are looking for and connect employees with the right coverages and services through their preferred channels. Such an approach will also help employees with the diverse needs to understand the value of their employer-provided benefits.

Our ongoing research into employer and employee needs inspired the development of the Wheel of Wellness as a tool to evaluate current and future benefits programs. Specifically, the wheel can map employees' preferences and determine how employers and insurers might improve their offerings in the future relative to employees' holistic wellness.

By focusing on various forms of employee wellbeing, the Wheel of Wellness:

- Generates insights into the full range of employee needs and how employers and benefits providers can deliver more value
- More precisely targets employee populations and subsegments, which is useful for employers whose workforces skew toward certain generations
- Prompts the development of more data-driven and customizable programs for benefits guidance, communication and engagement

It also illustrates how benefits pay off for individual workers, enabling them to lead more secure and satisfying lives (both personally and professionally), and for the organizations benefiting from their contributions, commitment and increased loyalty.

Lastly, in emphasizing a holistic approach to benefits, the Wheel of Wellness speaks to the need for effective ecosystems; few, if any, insurers will be able to go it alone to provide everything that employers — and employees — want for each area of wellness. The digitalization of the business is critical in realizing the vision of interconnected ecosystems aligned around employees' wellness needs.

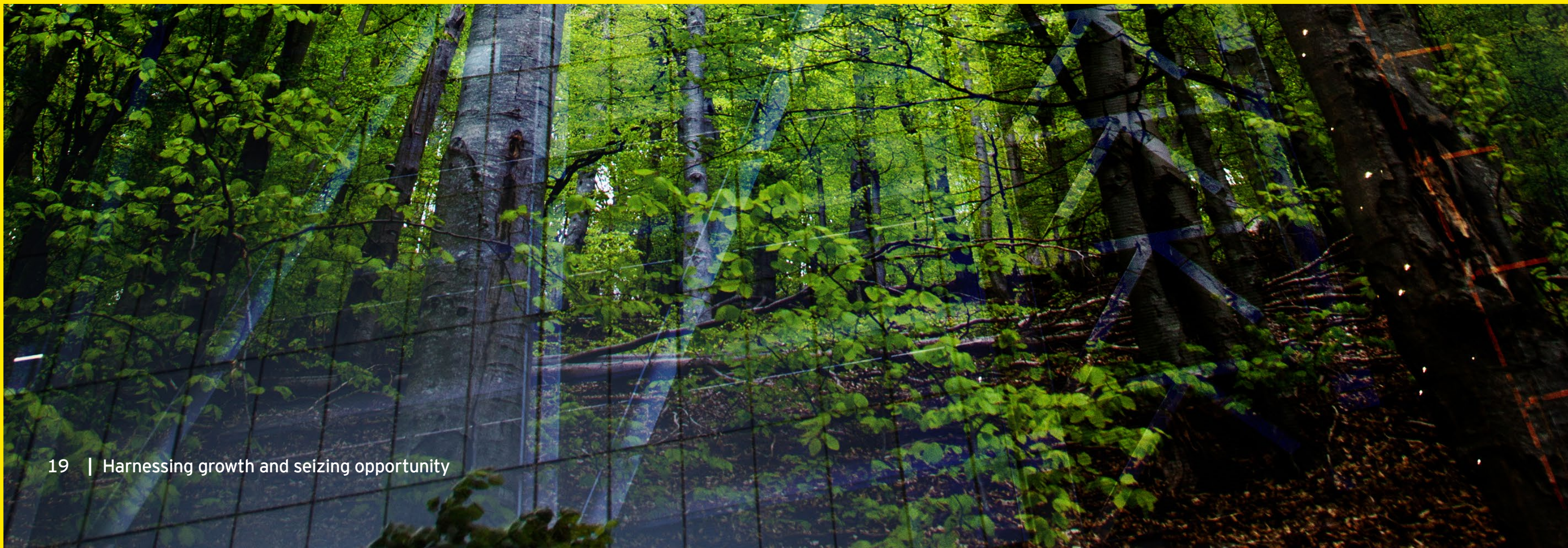
Recommended actions for harnessing growth

For all of the fundamental changes that the workforce benefits industry has experienced recently, stakeholders can expect a great deal more in the years to come. Because the workforce is changing, benefits must change, too. That's true of what employers offer, but also why and how they offer benefits. One factor will not change, however: the critical importance of benefits in attracting and retaining the talent all types of organizations need to succeed.

The strategic decisions and tactical moves that carriers, benefits providers, brokers and other industry stakeholders make in the coming months will shape their growth opportunities in the years ahead.

Among the key actions for workforce benefits executives are:

- Adopting tools and models, such as the LIMRA-EY Wheel of Wellness, to gain insights into current and future workforce needs, including varying priorities across generations
- Applying market and behavioral insights to design new solutions that address unmet market needs for portability and flexibility, particularly in the realm of voluntary and nontraditional benefits, and better aligning with the changing workforce
- Identifying potential partners to develop more holistic solutions that support all forms and dimensions of wellness
- Building the technology foundation for increased digital engagement, including richer and more personalized generational-based experiences powered by AI and the ability to generate continuous insights
- Embracing the collaborative mindsets, new ways of working and advanced enabling technologies necessary to orchestrate ecosystems to create personalized and connected experiences or to participate in those led by others



Contacts

LIMRA

Patrick Leary
Corporate Vice President
pleary@limra.com

Kimberly Landry
Associate Research Director
klandry@limra.com

Ron Neyer
Associate Research Director
rneyer@limra.com

Ernst & Young LLP

Chris Morbelli
Americas Life & Group Transformation Leader
chris.morbelli@ey.com

John Geyer
Executive in Residence
john.geyer@ey.com

Judy Ambrose
Managing Director, Group Transformation
judy.ambrose.com

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