



NEW WORKFORCE EXPECTATIONS

How evolving needs are
reshaping the workplace

BENEFITS &
BEYOND 



Prudential

BENEFITS & BEYOND

Employee needs don't stay in place. Neither should their benefits.

The workplace is at a critical juncture and employee benefits are at the center of the shift. It's much like it was during the post-World War II era, when companies recognized the value of employee well-being, and the early 2000s, when they adapted to attract tech talent.

Today, employers face a similar choice: Listen to the evolving needs of their workforce or risk falling behind. To help inform smart choices, *Benefits & Beyond* set out to define what modern benefits are. What we learned is the answer varies greatly, depending on who you ask.

Employers and employees agree modern benefits are up-to-date, new, and different. But employers are more likely to focus on the types of benefits they offer, while employees focus on how benefits will help them solve their individual challenges.

One thing is true: Benefits are more than just a package, and today's employees expect more. They seek flexibility, financial support, and workplaces that prioritize their overall well-being. This includes everything from stress management programs to paid leave options that allow for bonding with a new family member, whether it's baby or a pet.

Industry insights and Prudential's observations of these changes helped inform our 2025 *Benefits & Beyond* research.

New Workforce Expectations, the first study in our 2025 research covers three key insights about benefits programs: The criteria employers and employees use to determine what makes benefits modern; the challenges employees are facing and the impact on their current and future well-being; and the role employers play in helping to solve for those challenges with workplace benefits programs.

1 New workforce expectations

2 Leaves of absence

3 Mental health and stress

You
Are
Here

ABOUT THE RESEARCH

Prudential fielded two surveys for our 2025 *Benefits & Beyond* research. We asked employers and employees about workplace benefits programs with the primary goal of helping employers understand and respond thoughtfully to their workforce’s evolving needs—and help them protect their life’s work now and in the years to come.

All statistics and references in this paper, unless otherwise cited, are derived from the data obtained through research conducted in January and February of 2025.

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KEY RESEARCH INSIGHTS

The benefits expectation gap: What employers think vs. what employees experience

Employers and employees agree modern benefits are essential to attracting and retaining talent. However, the reality of what's offered versus what employees perceive as modern benefits doesn't always match.

Insight 1: Employers overestimate how modern their benefits are

Both employers and employees think modern benefits are a must-have to attract and keep talent.



And employees who agree their benefits are modern are more likely to be satisfied (91% vs. 68%) and to stay with their organization (90% vs. 73%).

But they have differing opinions on whether their benefits package is modern. Employers are **1.5x more likely** to believe so.



Insight 2: Employers and employees rank well-being priorities differently

Employers say employee well-being matters to them—but employees aren't convinced.



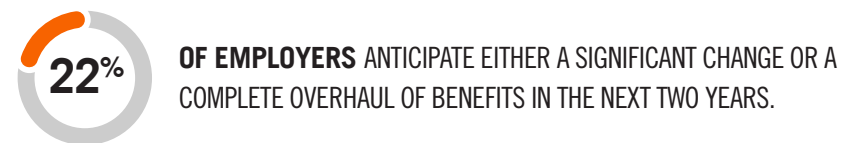
When it comes to employer support for employees in four key well-being areas, the groups have opposite priorities.

- Employees rank physical health as their top concern, while employers prioritize mental health.
- The biggest gap exists in mental health, where employees feel less supported than what employers say.

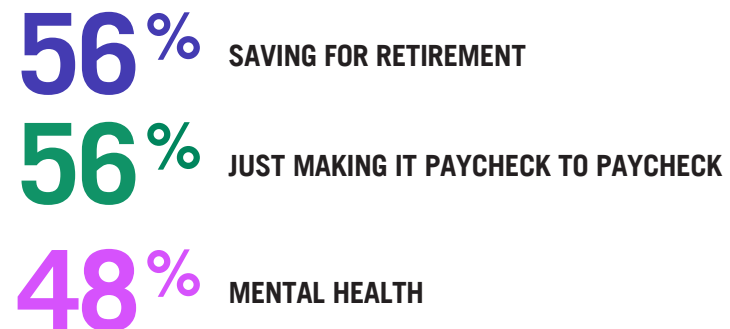
Employers and employees are mostly aligned on the challenges employees face, with key differences in what each group thinks are the best solutions. Additionally:

- They agree financial stress is the No. 1 employee concern—but employers underestimate how much employees struggle living paycheck to paycheck.
- There's a significant gap in how each group perceives mental health challenges.

Insight 3: Employers and employees mostly agree benefits should be improved—but they disagree on how.



Employees who face these challenges believe their employer should help.



INSIGHT ONE: REVEALING BENEFITS EXPECTATIONS

Revealing what modern employee benefits are is easy and not so easy at the same time. To many, modern benefits packages include a combination of traditional options such as health insurance and new benefits that cover a wide range of employee needs—including trends like pawternity leave and four-day work weeks. But when we asked employers and employees what new, different, or more interesting benefits are, the answer wasn't as clear as some may expect.

To help define what modern benefits consist of, we asked employers to choose from a list of options. Benefits could:

- Offer comprehensive resources to support well-being
- Help employees live better, longer lives
- Help employees care for others
- Go beyond the traditional
- Understand employee experiences
- Work for every employee
- Be complimentary/work together
- Reflect changing personal/work environments
- Have the latest technology

Options selected ranged from 7% to 11% with the top ranked choice at 23%: **“Offering comprehensive resources to support employees’ physical, social, financial, and mental well-being.”**

But there is a gap between this and employees’ perception of whether their employers offer modern benefits.

Views differ on whether current employee benefit packages are modern.



The reason may be in the way each group defines modern benefits.

Both employers and employees think modern benefits are a must-have to attract and keep talent. Almost all employers — 92% — say employees expect modern benefits. And for employees, having modern benefits makes them more likely to say they are satisfied than those who don't (91% vs. 68%), and to stay with their company (90% vs. 73%).

Who is more likely to be satisfied with their benefits?

- Men (85%) are more satisfied with their benefits than women (79%).
- Gen Z¹ employees are more likely to say they are completely satisfied with their benefits (43%) than other generations (32% – 37%), though overall they have lower expectations for their benefits than other generations. They may be less impacted by events requiring benefits use, however; more than half are single/never married.

What's modern? It depends on who you ask.

Employees and employers generally agree modern benefits are:

	EMPLOYERS	EMPLOYEES
Up to date/new/ different	18%	23%
Meet needs	13%	14%

But there's a 30 percentage-point gap between employers and employees choosing "types of benefits" as a component of modern benefits. While employers think their benefits package is modern because they added newer benefits, employees may be considering a wider benefits picture. They identified two additional categories employers did not:

- Comprehensive/more/variety: 13%
- Good quality/no problems: 10%

So, for employees, it isn't just about having a wide variety of benefits—it's also about how benefits help them solve the challenges they face as well as their experience when those benefits are needed.

There is also a gap between employers' expectation that modern benefits are a must-have to attract talent (92%) and employees' perception of whether their employers offer modern benefits.

¹ Generations included in this research are Baby Boomers (born 1946 – 1964); Generation X (born 1965 – 1980); Millennials (born 1981 – 1996) and Generation Z (born 1997 – 2012).





Employers and employees respond

The open-ended responses employers and employees shared provide additional insight on workforce expectations.

Employers said:

“Modern benefits including parental paid leave when a child is born, access to a mental health professionals (like therapists) and modern medicine.”

“Modern benefits include flexible work options, comprehensive health plans wellness programs, 401(k) plan matching, and student loan assistance.”

Employees said:

“I feel the benefits we receive help me live a healthy lifestyle.”

“They try to cover most scenarios and that is modern.”

“It is convenient and easy to understand.”

Who is more likely to agree their employers offer modern benefits?

- Men (64%) vs. women (55%). This could be due to factors such as men being more likely than women to hold salaried positions, be union members, and to report older or no children—as well as to agree their benefits help them manage both overall stress (70% vs. 57%) and workplace stress (64% vs. 49%).
- Those who work in the tech, construction, or financial services industries.



Creating a package for today and the future

Now that we have an idea of what people think a modern benefits package is, what benefits would they include in it? To find out, we provided a comprehensive list of benefits for employees and employers to choose from

We asked employers what they would:

- Consider to be a **minimum requirement** to make a benefits package modern
- Offer in **designing an optimal modern benefits** package for their company

We asked employees which ones they would:

- **Expect an employer to include** in their benefits package
- Include in a **benefits package of their own design**

What employers and employees agree on—and what they don't

Where they agree

At least 50% of employees say they expect these benefits AND would include them in their benefits package: Medical, dental, vision, life, short-term disability (STD), and long-term disability (LTD) insurance coverages—plus retirement savings plan and employer matching on retirement contributions.

These choices align with what at least half of employers also would consider to be minimum requirements AND optimal selections in their company's benefit package. Employers also chose paid parental leave (55% over 44% of employees), mental health support (54% over 40%) and a health savings account (52% over 49%)—all of which reflect more recent (modern) benefits offerings.



Benefits to keep an eye on: Supplemental health

Benefits both groups agree on being modern are supplemental health benefits: Accident, critical illness, and hospital indemnity insurance plans.

Around a quarter of employees surveyed included each of these coverages as benefits they expect employers to include in their benefits package.

	Hospital Indemnity Insurance	Critical Illness Insurance	Accident Insurance
Rank (from 1 to 50) in benefits choices	18	20	21
Percentage who expect it	25%	24%	23%

It may be worth it for employers to consider adding these benefits to help meet their workforce's evolving needs—while making sure employees know they are available. Because while employees rank supplemental health insurance in the top half of benefits they expect in an employee benefits package, around a third also report they're unsure if their employers currently offer these benefits to them.

Where they disagree — gaps in expected choices

Both groups largely agree on the expected types of benefits but differ on what benefits are considered “modern.”

Employee expectations for having certain benefits available to them are tempered by whether employers consider those benefits to be the minimum part of a modern benefits package.

Areas in which we saw the biggest gaps in employee and employer expectations include bereavement leave, LTD, STD, vision, and dental insurance.



	Employers	Employees	Gap
Bereavement leave	27%	41%	14%
Employer matching contribution on retirement savings plan	33%	45%	12%
Long-term disability insurance	36%	47%	11%
Dental insurance	70%	80%	10%
Vision insurance	66%	76%	10%
Short-term disability insurance	42%	51%	9%
Accidental death & dismemberment (AD&D) insurance	25%	33%	8%
Health savings account (HSA)	33%	41%	8%
Company paid leave (beyond state mandated paid leave)	26%	33%	7%



Where **employers have a higher endorsement** for the benefit, two stand out with the biggest gaps (6%): Mental health support (37% vs. 31%) and pet insurance (17% and 11%).

Where they disagree — gaps in optimal choices

When it comes to designing their own benefits package, two options stand out for what **employees are more likely to consider** optimal than employers, both with 6% gaps: Four-day work weeks (41% vs. 35%) and pawternity leave—time off to take care of a new pet (23% vs. 17%).

There are more gaps involving a wide range of options where **employers are more likely to consider** the benefit optimal than employees. The widest gap, for paid parental leave, may also be impacted by the demographics of the employees responding. Employees with children under age 4 consider paid parental leave to be expected or optimal (at 56%).

	Employers	Employees	Gap
Paid parental leave	55%	44%	11%
Dependent care flexible spending account	36%	27%	9%
Corporate wellness and fitness programs	37%	28%	9%
Money management and financial planning services	32%	24%	8%
Employee assistance program (EAP)	47%	39%	8%



A generational look at leaves and retirement

It's not surprising that older generations are more likely to include types of leave and retirement in their optimal benefits package. Gen Z consistently selected these at lower percentages.

- › Bereavement leave is most popular among Gen X (62%) and Boomers (67%).
- › Company paid leave is selected by Gen X at 50%, with Millennials (46%) and Boomers (45%) following.
- › Retirement savings plans were chosen by Boomers at 71%, with Gen X close behind at 69% and followed by millennials at 53%.

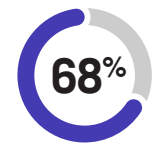


INSIGHT TWO: ENVIRONMENTAL FACTORS DRIVING CHANGE AND NEED FOR MODERN BENEFITS

Employers are planning to make benefits program changes that could address employees' challenges and well-being.

Almost seven in 10 (68%) anticipate at least some change in their suite of employee benefits over the next two years, which includes 22% who anticipate either significant change or a complete overhaul of benefits.

Benefits changes over the next two years



SOME CHANGE



MINIMAL CHANGE



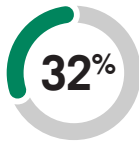
NO CHANGE AT ALL

Groups expecting to make changes

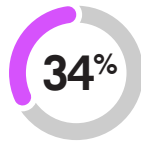
Certain groups stand out as expecting at least some change to benefits programs in the next two years:



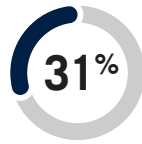
**1K – 5K
COMPANY SIZE**



UNIONIZED



TECH



MOSTLY SALARIED





Many factors drive these changes

The three leading factors more than half (52% each) of employers cite as driving benefits changes are wanting to improve employee well-being, employee retention, and the employee experience. Cost was also a factor we asked employers to consider, but it did not rank as high (in the middle range at 39%), making it a factor for four out of 10 employers.

The value of employee well-being

Most employers say employee well-being is important to them. However, employees do not believe as strongly that employers feel this way:

97% OF EMPLOYERS SAY IT'S IMPORTANT TO THEM
Only **69%** OF EMPLOYEES SAY IT'S IMPORTANT TO THEIR EMPLOYER

This same optimism may account for why almost all employers say employee well-being is important to them, when only seven out of 10 employees agree their employers feel this way. This percentage aligns with other statements employees were asked to express their agreement with (somewhat or completely):

- 71% agreed with “My employer offers benefits with my best interest in mind.”
- 66% agreed with “I would like more information about my employer’s benefits offerings to maximize their potential.”

The last percentage indicates a need for benefits program awareness we’ll explore further in the next section of this paper.



Underserved and marginalized groups

Sixty one percent of employers say employees in underserved or marginalized communities use benefits less frequently, and they cite cost and lower awareness as reasons behind this.

It highlights the need for employers to do more to raise awareness of available benefits for these groups. As reported in our 2024 *Benefits & Beyond* study, options that could help include personalized communications targeted specific employee group needs and decision support tools to help employees feel empowered to make benefits selections.



Importance of employee well-being

These groups were more likely to agree their overall well-being is important to their employer:



MEN (75% VS. 64% OF WOMEN)



MILLENNIALS (72% VS. 67% EACH FOR GEN Z, GEN X, AND BOOMERS)



EMPLOYEES WITH CHILDREN UNDER 18 IN THEIR HOUSEHOLD (75% VS. 64% OF THOSE WHO DO NOT)



TECH INDUSTRY EMPLOYEES (79% VS. THOSE WORKING IN OTHER INDUSTRIES)

How employer support for employee health and well-being factors in

Recall employers' top choice as a definition of modern benefits was **offering comprehensive resources to support employees' physical, social, financial, and mental well-being** (23%).

We asked about the importance of employers supporting their employees in these four key health areas: financial, mental, physical, and social (which we defined as "connectedness with others").

Employers ranked in Top 2

Mental health	69%
Physical health	68%
Financial health	50%
Social health	13%

Employees Ranked in Top 2

Physical	66%
Mental	59%
Financial	55%
Social	20%

Employees rank their physical health six percentage points over their mental health in importance of employer support. Fifty-eight percent of employees say they took time off for a physical illness in the last three years.

The ranking is flipped for employers, who say mental health is the most important employee support area, with physical health as a close follow.

Gen Z and millennials are more likely to rank mental health first, which may be indicative of these generations' awareness and comfort level with addressing mental health concerns. Gen X and Boomers were more likely to rank physical health first.

Employees rank health aspects



By gender

Women rank

- Physical, mental, and financial health almost evenly as most important
- Mental health much higher than men (28% vs. 23%)

Men rank

- Physical health as their highest area of well-being
- Financial health as second



By generation

- Gen Z and millennials rank physical, mental and financial evenly as most important
- Gen X and Boomers rank physical health significantly higher as most important, with financial second



By industry

The healthcare industry stood out.

- Physical health is their top choice at 43%
- This ranks much higher than other categories (26% mental, 24% financial)





Considering employees' greatest challenges

Employers care about employee well-being, but are they fully aligned with employees on the challenges they face?

Survey participants were asked to identify current employee challenges as well as a “number 1” challenge.

Most selected by employers

Cost of everyday goods	45%
Saving for retirement	44%
Cost of housing	42%
Mental health concerns	38%
Personal debt concerns	33%
Paying medical expenses	33%

Number 1 challenge from employers

Cost of everyday goods	16%
Making it paycheck to paycheck	9%
Cost of housing	9%
Mental health concerns	9%

Most selected by employees

Saving for retirement	45%
Cost of everyday goods	44%
Cost of housing	29%
Making it paycheck to paycheck	26%
Personal debt concerns	25%
Mental health concerns	22%

Number 1 challenge from employees

Saving for retirement	14%
Cost of everyday goods	12%
Making it paycheck to paycheck	10%

Employers and employees do align challenges such as **saving for retirement**, the **cost of everyday goods**, and the **cost of housing**.

But while employers include **saving for retirement** in their list of challenges employees face, they don't include it as a top challenge (only 7% compared to employees at 14%).

And while neither group includes **mental health concerns** as a no. 1 challenge, a higher percentage of employers chose it as a challenge (38%) than employees (22%), possibly calling out employers' wider support of employee mental health. This is a topic we'll explore further in the third paper in our *2025 Benefits & Beyond* series.

Another difference: Employers said **making it paycheck to paycheck** at 30%, putting it eighth on their list—but made it a top challenge beyond other challenges they selected at a higher percentage (saving for retirement, personal debt concerns, paying for medical expenses, and caregiving for children).



Current employee challenges

Employers feel strongly that they care for employee well-being, and it is an important part of their benefits strategy. But employees have different views, as these findings indicate.



By gender

Women (13%) have greater concerns about just making it paycheck to paycheck than men (7%).



By generation

- Gen X and Boomers rank saving for retirement (19% and 25%) their first challenge with cost of goods (13% and 11%) falling second.
- Boomers (18%) are also most likely to say they experience none of these challenges.
- Gen Z (11%) is more concerned about the cost of housing than any other generation.



By industry

Employees in each industry led in a different challenge category.

- Government and Public Education — 16% said the cost of everyday goods.
- Tech — 11% said job security.
- Healthcare — 14% said just making it paycheck to paycheck.



INSIGHT THREE: EMPLOYERS' ROLE IN HELPING TO SOLVE CHANGING EMPLOYEE NEEDS

There are opportunities for employers to help solve employee challenges

Employers were asked, “Which challenges do you believe your employee benefit package can help employees with.” Employees were asked, “Which of the challenges you just mentioned do you feel your employer should help you solve for?”

What employers can do to help employees:

	Employers	Employees
Saving for retirement	75%	56%
Just making it paycheck to paycheck	35%	56%
Job security	50%	66%
Wanting more flexibility in work arrangement than I have	37%	67%
The cost of everyday goods	30%	26%
Mental health concerns	81%	48%
Paying for medical expenses	71%	46%
Cost of housing	27%	26%

Challenges that are **bolded** are those that employees had and were more likely to say employers should help them with, over saving for retirement.

While both groups agree employers can help solve for top challenges such as saving for retirement (cited by 75% of employers and 56% of employees), there is a wider perception gap for other challenges such as mental health concerns (81% and 48%) and paying for medical expenses (71% and 46%). Employees also say employers have much more responsibility to help with just making it paycheck to paycheck or job security than employers do.



Challenges employers should help employees with



By gender

- Women (14%) were more likely than men (10%) to select wanting more flexibility in their work arrangements.
- Men (17%) were more likely than women (10%) to select job security.



By generation

- Gen Z and millennials are more likely to select cost of everyday goods and cost of housing.



By industry

- Tech industry respondents are more likely to say their employer should help with job security and mental health concerns.

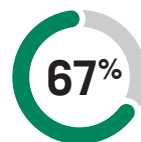


By other factors

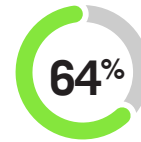
- Those who say just making it paycheck to paycheck are more likely to be single, have a high school degree or less, and be paid hourly.
- Overall, 20% say employers shouldn't help solve any of their employees' challenges, as do 25% of employees with no children in their household. This may correspond to the 9% of employees who say they had none of these challenges themselves.

Employees identify tools to help them

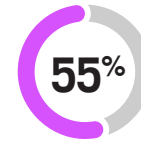
With solvable challenges identified, here's what employees say their employer can provide to better help them:



**ONE-STOP APP OR
WEBSITE**



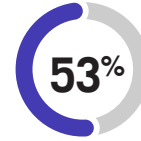
**QUICK/EASY WAY
TO SUBMIT CLAIM**



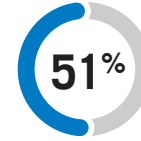
**PAID CAREGIVER
LEAVE**



**ADVICE/
RESOURCES
FOR FINANCIAL
PLANNING**



**REMIND ME OF
BENEFITS I'M
NOT USING**



**RESOURCES TO
HELP ME RETURN
TO WORK
AFTER LEAVE**

Offering a “one-stop” app or website had the highest appeal across generations, with millennials more likely to be very or extremely interested in all six options, followed by Gen Z who felt that way about four options.

Benefits communication and awareness of what benefits are available continues to be a desire among employees. Maximizing both can help employers better demonstrate their focus on caring for the well-being of their employees and reminding them of how the benefits offered can help solve individual challenges.

Employers are optimistic about how benefits help support their employees

Their outlook on how their current benefits suite supports employee well-being, retention, and recruitment efforts aligns with how 97% of them say employee well-being is important to them.

And while employers feel strongly that their current benefit package supports their goals, they also agree they can be improved and are optimistic that their future-state will better support employee well-being, retention, and recruitment.

	Supports employee well-being	Retain the best employees	Recruit the best employees
Current	92%	88%	85%
Future	95%	91%	89%



FINAL TAKEAWAYS

Whether benefits are “modern” and meet employee needs depends on who you ask. Employees don’t always see them that way, even when employers think they are. And employers tend to overestimate how modern their benefits are. There’s a disconnect in well-being priorities—employers emphasize mental health, while employees rank physical health as their top concern.

Financial stress is real. Both employees and employers agree on that. But when it comes to solutions, their views differ—employees struggle with short-term financial stressors (cost of living), while employers are more focused on longer-term financial support (retirement).

ABOUT THE RESEARCH

Methodology

Research was conducted via online surveys in January/February 2025 with two key populations—employees and benefits decision-makers. Prudential partnered with Burke, Inc. to collect online surveys with 750 employers and 2,946 full-time employed individuals (employees) in the U.S. The employee data, when reported in total, has been weighted by age and income to match data from the Bureau of Labor Statistics and the Census Bureau.

Contact

For more information about this research, contact Prudential.



All statistics and references in this paper, unless otherwise cited, are derived from the data obtained through the Benefits & Beyond research, conducted in January and February of 2025.

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