



**BENEFITS &  
BEYOND** 

# THE FUTURE OF WORK

**Building financial resilience** in an era of rising costs



# EXECUTIVE INSIGHTS



**The future of work is here—and benefits must evolve for employees and organizations to thrive.**

In my conversations with brokers and employers across the country, I hear one consistent message. Rising medical costs are putting significant pressure on employers and employees. Our *Benefits and Beyond* study validates what we're experiencing in the field and illuminates key insights for building a financially resilient workforce.

The landscape has fundamentally shifted. Employers are experiencing significant increases in medical costs—in many cases, double-digit percentage increases over the past year—while employees face the same pressure through higher out-of-pocket expenses. And it's converging against a backdrop of broader economic uncertainty, with a substantial portion of the workforce experiencing greater financial stress than they were a year ago. It creates ripple effects on retention, productivity, engagement, retirement timing, and long-term financial security.

Employers are responding strategically to these pressures through thoughtful adjustments to funding mechanisms, plan designs, and benefit structures. And the most effective organizations are taking this work a step further. They're coupling strategic benefits initiatives with a more holistic view of employee financial and overall well-being—creating comprehensive programs that address the complete picture of employee financial health. This integrated strategy allows them to deliver

both cost-effective solutions and competitive benefits that truly resonate with employees.

However, our research reveals a critical insight: organizations that already have holistic well-being strategies should carefully evaluate how they're communicating them. Even when companies do the right things, the message often isn't landing with employees. The organizations that will thrive aren't just the ones with the best programs—they're the ones whose employees actually know about, understand, and feel supported by those programs. That's the difference between investment and impact.

The takeaway is clear: the most successful employers integrate both managing costs and providing competitive benefits into a cohesive strategy. They understand comprehensive benefits packages should address the complete picture of employee financial health, not just medical coverage in isolation. In today's environment, bridging the communication gap between benefits investment and employee awareness isn't optional—it's essential for organizational survival and success.



**Jon Trevisan**  
Vice President, Group Insurance  
Head of Distribution

**Building Financial Resilience**, the first study in our 2026 research covers three key insights about financial stress experienced in the workplace today: how employers and employees are responding to it; how one of the leading causes of this stress, rising medical costs, impacts employee and organizational well-being; and the role employers play in containing costs that can help benefit both their workforce and their business.

**Adding insight: Household profile**

This year, Benefits & Beyond includes a new categorization in its findings: household profile. This allows us to go beyond generational findings among employees surveyed to give a more complete picture of where they are in their lives and how their household profile impacts how they feel about workplace benefits—and more broadly, the future of work and their place in it.

Household profiles are defined as follows:

<b>Solo</b>	Single, never married, or now divorced. No kids.
<b>Partnered</b>	Married or living with a partner. No kids.
<b>Young Kids</b>	Has a child(ren) between 0 and 12.
<b>Teens</b>	Has a child(ren) between 13 and 17.
<b>Launch Age</b>	Has a child(ren) between 18 and 26.
<b>Empty Nest</b>	Has a child(ren) age 26 and above and no child(ren) under 18.

 **Building financial resilience in an era of rising costs**

- ▶ Navigating rapid AI adoption while building employee trust
- ▶ How benefits define culture—and drive workforce loyalty

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# INSIGHT 1

Financial stress has wide-ranging workforce implications



Economic pressures are rising, bringing with them increased financial stress that is felt throughout the workplace. Sixty-eight percent of employees say they experienced at least some financial stress in the past 12 months, with 28% saying it was a **significant or overwhelming** concern for them.

Employees are also experiencing more economic uncertainty and greater challenges planning for the future than they were a year ago.

47%



are experiencing **MORE** economic uncertainty

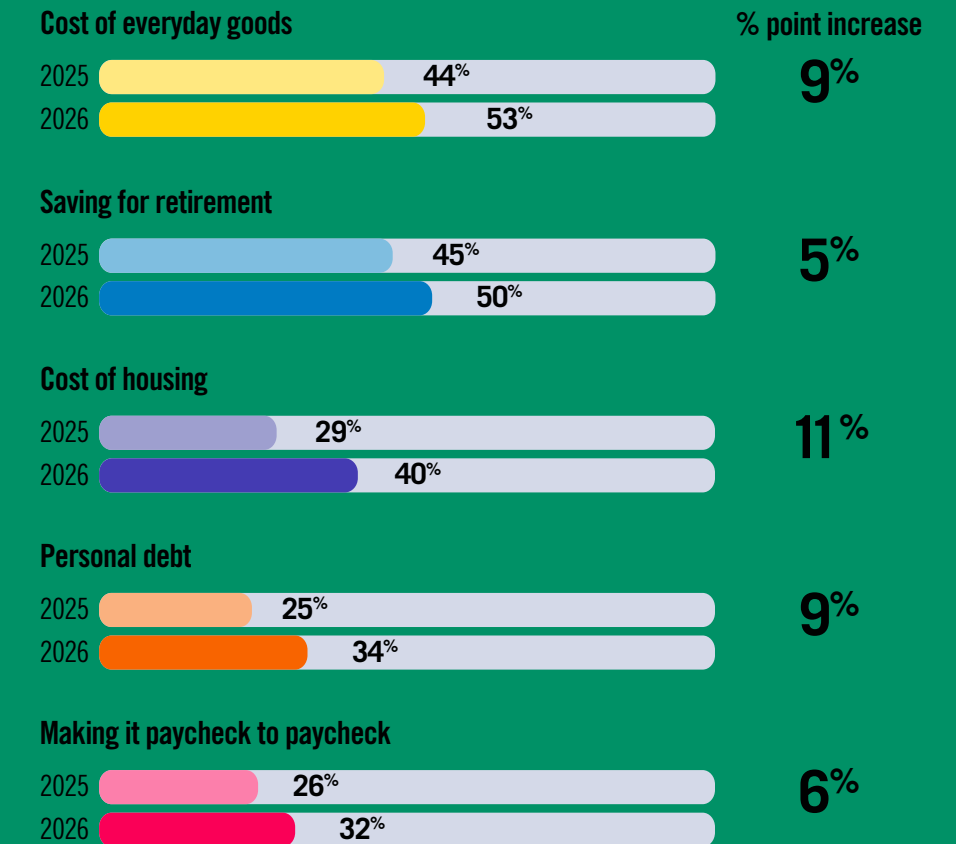
44%



are experiencing **GREATER** challenges planning for the future

One of the greatest challenges employees cite is the overall economy at 53% (employers also say this is the greatest employee challenge, at 49%). And higher percentages of employees in 2026 say they have other

challenges compared with employees we surveyed in 2025:



This rise in financial stress is concerning for many reasons, including its impact on mental health. In fact, over the past 12 months, 45% of employees experienced **MORE** mental stress because of financial concerns. This figure rises to 50% for Gen Z.

## The challenges employers see for their workforce

We also see differences in the challenges employers think their employees face, versus what employees say.

Both employers and employees identify current employee challenges as well as a “number 1” challenge. While we see differences between both groups, the top five rankings for employees are consistent across all household profiles.

### Top five challenges

#### From employers

The overall economy	49%
The cost of everyday goods	47%
Cost of housing	44%
Saving for retirement	42%
Paying for medical expenses	42%

#### From employees

The overall economy	53%
The cost of everyday goods	53%
Saving for retirement	50%
The overall state of the world	43%
The cost of housing	40%

### Number one challenge

#### From employers

The overall economy	15%
The cost of everyday goods	13%
Just making it paycheck to paycheck	8%
Cost of housing	8%
Paying for medical expenses	7%

#### From employees

Saving for retirement	9%
The overall economy	8%
The cost of everyday goods	8%
The overall state of the world	7%
Personal debt concerns	6%

Mental health concerns were high on the list of employee challenges in our 2025 research, and they have only increased, with 27% of employees endorsing mental health concerns as a challenge in 2026, up from 22% in 2025.

### Specific impacts employees experienced in the past year

Employees report experiencing a number of financial impacts in the past 12 months. While these may have not yet risen to the level of challenges, they are worth noting as potential challenges employees may face in the future.

- ▶ The most common experience is an increased cost of living, reported by 66% of employees. This was the most endorsed experience across all demographics we tracked: generations, household profiles, examined industries, and employer sizes.
- ▶ The second most common employee experience was increased housing costs, at 37%. This was true for all groups except for Gen X and Boomers, whose second choice was rising medical premiums/insurance.

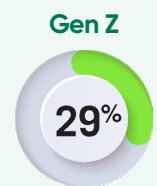




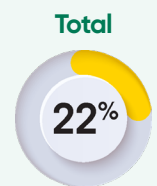
### Diving into the demos: Increased costs

Employees exhibited distinct demographic patterns in their experiences with costs and debt over the past 12 months.

#### Increased commuting/transportation costs



Third highest experience



Fifth highest experience

#### Increased debt obligations



Third highest experience



Fourth highest experience

#### Increased child/eldercare costs



Sixth highest experience



Eighth highest experience

### What employees are doing because of their increased financial stress

Financial stress is changing employee behavior. Over the past year, employees have responded to economic pressure by deferring both immediate and long-term expenses while proactively educating themselves on managing their money. However, the implications extend beyond spending habits. A growing number of employees are considering putting off retirement, and most concerningly, some are delaying necessary medical care and procedures—decisions that represent a short-term coping mechanism but may lead to more significant health complications and financial burdens over time.

**35%** put off vacations



**26%** learned more about money management



**26%** reduced contributions to “regular” savings accounts



**18%** put off medical care/procedures



### Diving into the demos: Managing financial stress



#### Gen Z

Most likely to start:

- ▶ Working overtime, at **32%**
- ▶ Working a second job, at **14%**



#### Empty Nesters

Lead in putting off retirement, at **14%**



#### Employees with Young Kids

Most likely (**at 30% each**) to say they:

- ▶ Learned about money management
- ▶ Reduced contributions to “regular” savings accounts

### Actions taken to manage financial stress in the past 12 months

Small but notable groups of employees are making decisions that could have long-term implications. Fourteen percent delayed or skipped paying essential bills, 13% stopped or reduced retirement savings, 11% reduced the number of benefits they elected, and 7% delayed retirement.

When employees choose short-term coping mechanisms like delaying payment of essential bills; reducing retirement savings or putting retirement off; dropping insurance coverages; or delaying medical care to help with financial stress, they may be trading today’s savings for tomorrow’s financial and health crises. This can also impact employers through decreased productivity, increased absenteeism and turnover, and more.<sup>1</sup>

### Education opportunity: Finding resources that help

Employers have an opportunity to assist their workforce, **as only 13% of employees** say they looked at resources available through their employer to help their situation. The groups most likely to do this were those with young kids and teens (16% each) and Gen Z (22%). There's a fundamental need for employers to improve benefits communication to help increase both employee knowledge of what is available to them and program success across all demographics.

### Support for overall employee well-being

When it comes to how well organizations support employees' overall well-being, there's a big disconnect: employers believe they support employees far more than employees perceive support.



The percentage of each group reporting extremely or very well shows significant gaps in the 30-percentage point range—almost 40 when it comes to physical health:

	Employers	Employees	Gap
<b>Physical health:</b>	72%	33%	<b>39%</b>
<b>Social health/ connectedness with others</b>	64%	28%	<b>36%</b>
<b>Mental health</b>	65%	32%	<b>33%</b>
<b>Financial health</b>	60%	28%	<b>32%</b>

Financial stability is an important part of overall well-being to employees and their families. But while 38% of employers say their benefits package offered more stability in times of financial stress in the past 12 months, just 17% of employees agree. Sixty-three percent of employees say it's about the same as last year.

This reveals an opportunity for employers to review how to effectively communicate their well-being support to employees.





# INSIGHT 2

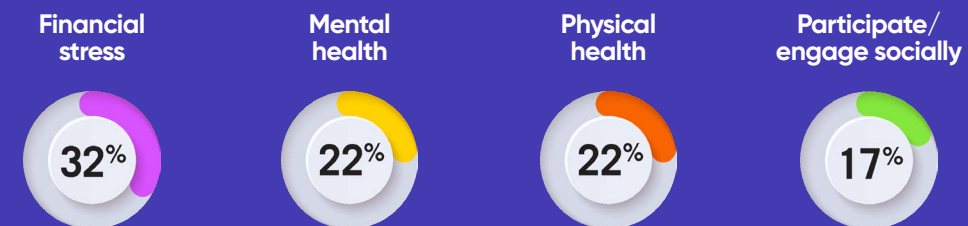
## Rising medical costs impact employees and employers



Among the financial stressors that employees face, medical costs stand out as being both widespread and accelerating. Twenty-nine percent of employees say paying medical expenses is a current challenge. It's unsurprising considering seven out of 10 (71%) employees say they had a 5% or greater increase in medical costs over the past 12 months, and two out of 10 (22%) report increases of 15% or greater. As these higher costs are felt throughout the year, it's reasonable to anticipate further increases in overall financial strain.

### The rise in medical costs impacts overall employee well-being

Employees report that rising medical costs (including medical insurance and what they pay when interacting with a medical care provider) had a significant or overwhelming impact on their ability to care for four different well-being aspects, with financial stress taking a significant lead:



Employees are not alone when it comes to medical cost concerns, however. Almost nine out of 10 (88%) employers had a 5% or greater increase in their medical costs as well, with 31% reporting increases of 15% or greater.

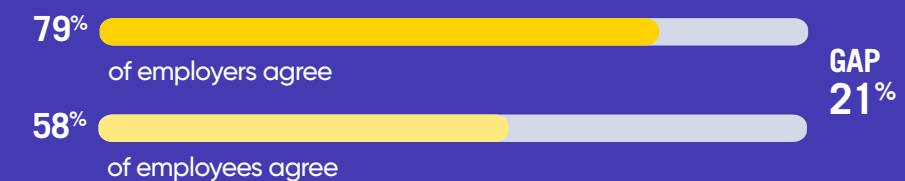
### Are employers—and employees—doing enough to help manage these costs?

Employees want help from their companies to control medical costs, and companies say they are providing it to some degree of effectiveness.

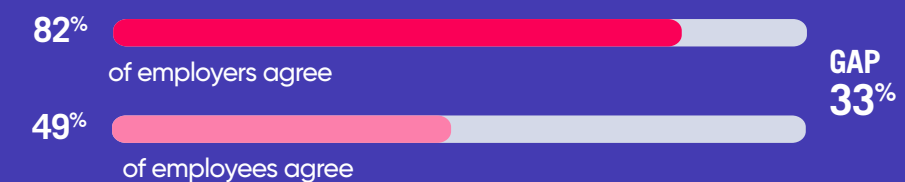
But employees aren't feeling that level of support. We found that **75% of employers** believe they're doing enough to help contain rising medical costs, but **just 46% of employees** agree. That's a 29% gap—a substantial difference in how employers and employees view these efforts..

This disconnect appears throughout: employers and employees also have different opinions about managing medical costs.

### There are things employees can do to help their employer hold down the cost of medical insurance premiums.\*



### The organization does a good job communicating how best to use medical benefits in a way that minimizes costs.\*



### Employees understand how they use their medical insurance impacts whether premiums increase in the following year.\*



\* Employers and employees responded to conceptually aligned questions with the wording tailored to each audience.



## How employers are adjusting benefits in response to rising medical costs

Employers who experienced a 15% or greater increase in medical costs over the past 12 months are more likely to plan larger changes to their benefits offerings over the next two years. In particular:

- ▶ Around a third (34%) plan significant changes or a complete overhaul
- ▶ Eight in ten (80%) plan to make at least some change, compared with 68% of employers overall

Type of change	Medical cost increase		
	15%+ increase	10 – 15%	0 – 10% (incl. None)
Any change	99%	96%	92%
At least some change	80%	74%	53%
Significant change or complete overhaul	34%	21%	8%
A complete overhaul	5%	1%	0%

### As medical costs rise, organizations plan more benefit changes

As employers plan benefits changes, they are balancing multiple priorities: responding to rising medical costs; supporting employee well being, experience, and retention; and continuing to modernize their benefits offerings.





# INSIGHT 3

Cost containment strategies are key to reducing financial stress and medical costs



Financial stress and rising costs—including medical costs—remain ongoing challenges for both employees and employers. At the same time, the two groups often differ in how they view the most effective ways to address these pressures.

So where can employers begin as they look to provide meaningful support in a challenging cost environment?

## Adjusting medical benefits design and funding

Employers say they are implementing cost containment strategies specific to medical benefits programs:



adjusting how they fund their medical benefits



increasing medical deductibles



offering specific benefits to help employees with medical expenses in retirement



passing along higher costs to the employee

The employers who are adjusting their medical benefits funding say they've moved to one of the following options:

- ▶ 45% to a fully insured plan
- ▶ 32% to a self-funding arrangement, with stop loss
- ▶ 23% to an individual coverage health reimbursement account (HRA)
- ▶ 20% to a captive plan (i.e., pooled with other employers)
- ▶ 18% to self-funding arrangement, without stop loss

## Adjusting non-medical benefits offerings

Employers are also looking to add or remove non-medical benefits to offset rising medical costs, but there isn't a consensus among those we surveyed on what to focus on. For example, time off/leave/flexible days was the most frequently cited option for both adding (55%) and removing (40%).

Careful consideration is needed when employers decide which benefits to drop, given the potential impact on employees. In our 2025 *Benefits & Beyond* survey, we asked employees what benefits they would consider as a minimum part of a modern benefits package. Fifty-one percent said short-term disability insurance, 13% said money management and financial planning services, and 11% said pet insurance.<sup>2</sup>



Employees' prioritization of short-term disability (STD) insurance reflects its role as a core financial protection. Even in states with mandated paid family and medical leave (PFML), STD insurance remains essential because PFML benefits are entitlement-based, capped, and can be exhausted—while employer-sponsored STD typically provides more consistent wage replacement per disability event. In these states, STD fills critical income gaps and helps ensure employees have adequate financial protection when they are unable to work due to illness or injury—even as employers adjust non-medical benefits in response to rising medical costs.

**Benefits added or dropped due to rising medical costs**

**17% of employers ADDED other non-medical benefits**

Time off/leave/flexible days	55%
Financial programs/Savings accounts/Debt management	32%
Life insurance	25%
Short-term disability (STD) insurance	24%
EAP/Mental health	22%
Dental insurance	21%
Supplemental long-term disability (LTD) insurance	19%
Supplemental short-term disability (STD) insurance	18%
Accidental death & dismemberment (AD&D) insurance	18%
Vision insurance	18%
Critical illness insurance	17%

**11% of employers DROPPED other non-medical benefits**

Time off /leave/flexible days	40%
Pet insurance	27%
Legal insurance	26%
Short-term disability (STD) insurance	20%
Financial programs/Savings accounts/Debt management	20%

Against the backdrop of rising employee financial strain, more employers are adding financial programs than dropping them. This aligns with employees' reports that learning more about money management is one way they are coping with financial stress.




**Employee benefits satisfaction as a key consideration**

As employers adjust benefits in a higher cost environment, an important question is whether changes to medical coverage and non medical benefits affect employee benefits satisfaction.

Only 64% of employees say they are very or extremely satisfied with the benefits their employer offers, and 65% say these benefits meet their needs very or extremely well.

Despite these relatively modest levels of satisfaction, 82% of employees say they are very or somewhat likely to stay with their current employer over the next two years. In fact, just about half of employees say it would be somewhat or very hard to find a job right now. This signals that employees may be staying put out of uncertainty due to the current economic environment and job market. It makes it important for employers to be prepared if the market shifts or competitors offer more attractive benefits packages.

**Diving into the demos: Benefits satisfaction**

- 
**Employees with young kids/teens**  
 Most likely to be very/extremely satisfied
- 
**Tech employees**  
 Most likely to be very/extremely satisfied
- 
**Healthcare employees**  
 More likely to not be satisfied

## The factors driving employer benefits decisions

Sixty-eight percent of employers say they expect at least some change to their employee benefits over the next two years.

Of those expecting at least some change, the key factors driving that decision include wanting to:

**54% (tied)**



- Improve employee well-being
- Improve employee experience

**49%**



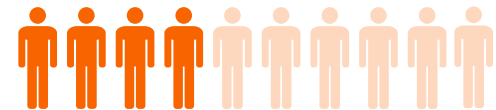
Retain best employees

**41% (tied)**



- Manage cost
- Recruit best employees
- Seek new/modern benefits

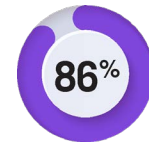
**40%**



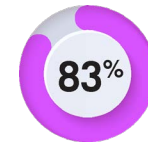
Address employee feedback/request

Employee feedback or request ranks second for the largest employers (5,000+ employees), with 50% endorsing it versus 40% overall.

Employers say their **future suite** of employee benefits will:



Meet employee needs



Help retain the best employees



Help successfully recruit the best employees



Help support employee well-being

### Benefit changes: expected workforce impact

Employers planning benefit changes have high hopes for the future. They expect significant improvements over current offerings. The table below compares their current benefits ratings with post-change expectations, with the largest gains anticipated in talent retention and recruitment.\*

	Percent who say current benefits help	Percent who expect future benefits to help	Expected change
Help retain the best employees	72%	83%	11% pts
Help successfully recruit the best employees	71%	82%	11% pts
Meet employee needs	80%	86%	6% pts
Help support employee well-being	78%	82%	4% pts

\* Results shown among employers who expect to make at least minimal benefits changes.





## Final Takeaways

- ▶ Economic uncertainty and rising medical costs are fundamentally changing employee behaviors, including reducing regular savings and delaying retirement. It also impacts how employers manage benefits program costs. These aren't just benefits problems for employers—it's a workforce planning concern requiring consultative benefits solutions and strategic response.
- ▶ Employers overestimate their effectiveness in supporting employee well-being and containing medical costs, compared to what employees say about their employers' support. Closing these perception gaps unlocks an opportunity: employers who gain awareness of the true employee experience can respond strategically before workforce challenges escalate.
- ▶ Cost containment decisions require balancing financial pressure with retention, satisfaction, and future competitiveness. Moderate employee satisfaction with benefits alongside high stated intent to stay suggests retention may be driven by labor market uncertainty rather than engagement. This makes strategic communication critical—employees must not only have access to strong benefits but also understand and use them. The difference between benefits investment and real impact lies in closing the communication gap.

## About The Research

Prudential fielded two surveys for our *2026 Benefits & Beyond* research. We asked employers and employees about workplace benefits programs with the primary goal of helping employers build a future-ready workforce and navigate through uncertainty, strengthen culture and position employees to thrive. All statistics and references in this paper, unless otherwise cited, are derived from the data obtained through research conducted in January of 2026.

## Methodology

Research was conducted via online surveys in January 2026 with two key populations—employers (benefits decision makers) and employees. Prudential partnered with Burke, Inc. to collect online surveys with 760 employers and 3,096 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.



Prudential

<sup>1</sup> Mayer, Kathryn. "Employees' Financial Stress Is Costing Employers Billions." SHRM. June 7, 2024. <https://www.shrm.org/topics-tools/news/benefits-compensation/employees--financial-stress-is-costing-employers-billions--accessed> March 12, 2026.

<sup>2</sup> Prudential Group Insurance. "New Workforce Expectations: How evolving needs are reshaping the workplace." Benefits & Beyond, 2025.

All statistics and references in this paper, unless otherwise cited, are derived from the data obtained through the Benefits & Beyond research, conducted in January 2026.

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