
The Impact of The Great Resignation on Benefits Needs and Expectations

An Employee Survey from Betterment's 401(k) Business



INTRODUCTION

Across the nation, thousands of businesses are experiencing “The Great Resignation,” as employees leave their jobs in unprecedented droves.

The U.S. Bureau of Labor Statistics [announced](#) in July 2022 that 6 million Americans quit their jobs in May 2022, continuing a string of record-breaking months. Against this backdrop, employees have more leverage than ever to demand better benefits packages from their employers.

While the reasons behind this phenomenon remain a source of ongoing debate, one undeniable factor is that many workers have been looking for more financial stability and support during the COVID-19 pandemic. Employees are navigating issues ranging from [rising healthcare costs](#), [mountains of student debt](#), and [uncertainty around retirement and the future of social security](#). As a result, Betterment’s 401(k) business — and the industry at large — has seen an increased focus on holistic financial wellness benefits, as companies realize they need to do more to entice talent, and support and retain current workers.



Amid changing work preferences and the ongoing pandemic, Betterment’s 401(k) business was curious to see how employees were faring financially, what benefits they want from their employers to help them achieve financial wellness, and how those benefits packages may impact employee retention. We also examined how student loans have impacted financial wellness and retirement planning.

Our research shows that employees are still hurting financially from the economic impacts of the last 18 months, with many having had to tap into their emergency funds since the start of the pandemic. While most employees did not leave their jobs voluntarily over the past year and a half, they do desire additional support from their employers in order to avoid being enticed to look elsewhere. Financial benefits are now their top priority above in-office perks and even vacation time, and employees are looking for particular help with retirement planning and student loan debt.

The State of Employee Financial Wellness

The initial months after the pandemic were perhaps the most financially tumultuous – between waves of layoffs and market volatility, many Americans were put into difficult financial positions. And more than a year and a half into the pandemic, some have still not fully recovered.

As of this fall, 54% of workers are somewhat or significantly more stressed about their finances than they were before the pandemic. The younger generations appear to have been hit slightly harder, with 58% of Gen Z, 62% of millennials and 52% of Gen X indicating their financial stress levels are higher than pre-pandemic, compared to just 35% of boomers.

Despite these anxieties, half of respondents (49%) rated their financial wellness as stable. The nearly 50/50 split we’re seeing is indicative of the dual experience the broader US population is facing: some people have weathered the pandemic well, while others are struggling more than ever.

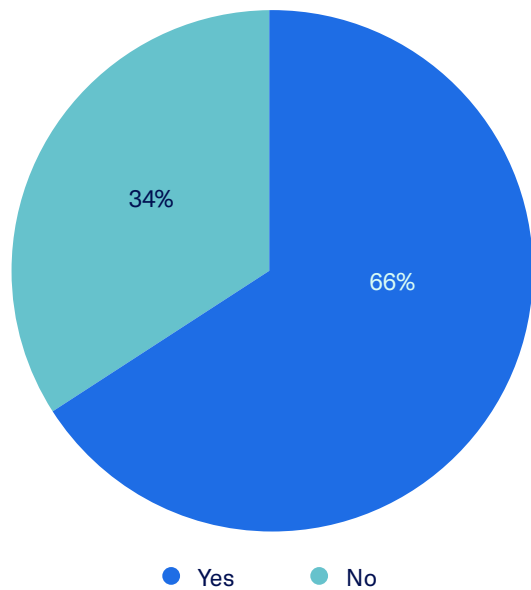
Encouragingly, 66% of employees reported that they have an emergency fund. Of the 34% that didn’t, 81% indicated that it was because they didn’t have enough money to build one, rather than issues such as not understanding why it was necessary or not knowing how to build one.

Unsurprisingly, older generations fared better than younger generations in this regard. While 70% of Boomers have emergency funds, nearly half (47%) of Gen Z does not, having had less time in the workforce to accumulate savings.

We saw higher reported rates of financial wellness amongst men than women: only 37% of women rated themselves as stable, compared to 61% of men. Similarly, while 72% of men reported having an emergency fund, only 59% of women did, primarily due to feeling they didn’t have enough funds to build one.

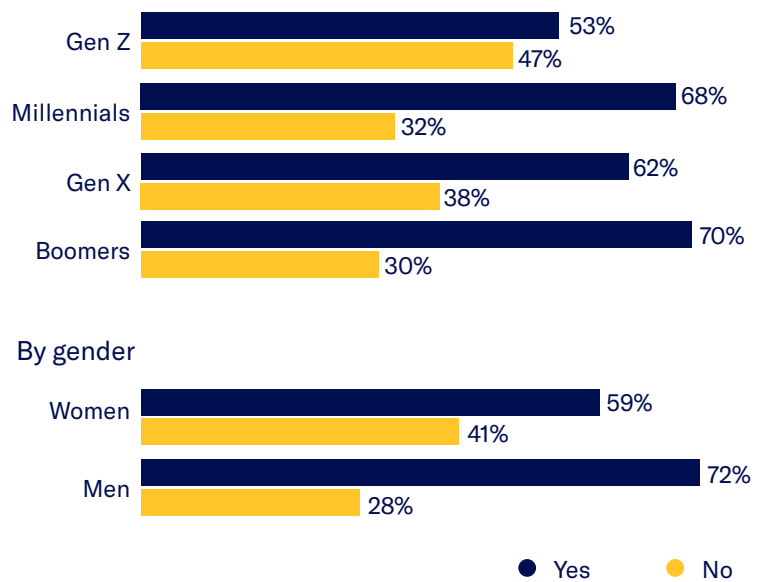
Do you have an emergency fund?

FIGURE 1



By generation

FIGURE 2





Betterment's POV

What we may be seeing here is the impact of a broader trend: the gender income gap, while shrinking, remains prevalent. A 2021 Census report found that in 2019, full-time, year-round working women earned 82% of what their male counterparts earned. Given that women, on average, live longer than men, companies have the opportunity to help women close the wealth gap and work toward financial wellness and security

43% of respondents had to tap their emergency fund since the start of the pandemic. Interestingly, nearly twice as many people dipped into it for medical expenses and home and car repairs than used their funds for living expenses while temporarily unemployed.

Nearly half of respondents (43%) tapped their emergency funds during the pandemic. Here's why:

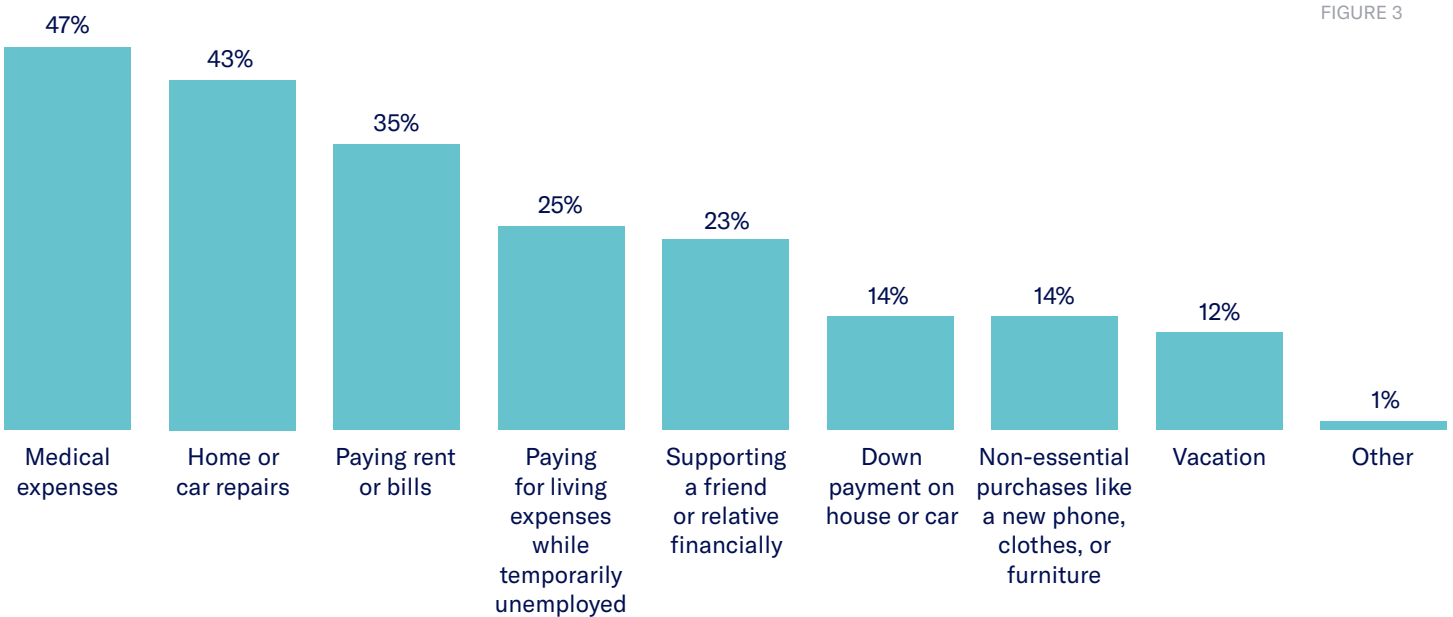
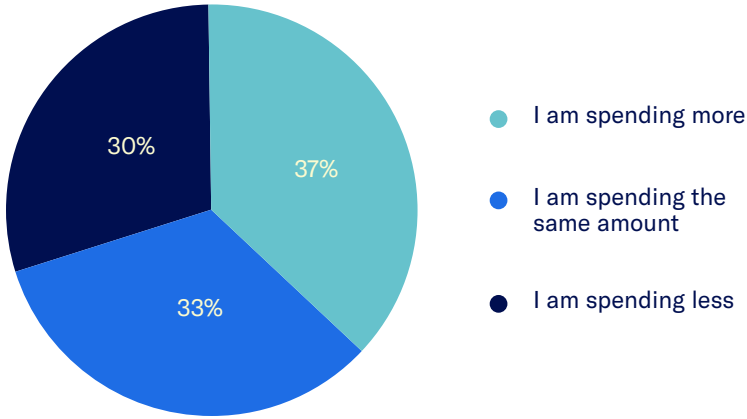


FIGURE 3

Additionally, respondents were evenly split in how they have approached spending.

How have your spending habits changed since the start of the pandemic?



Digging into demographics, different trends emerge. We found that in addition to saving more, men have also been spending more since the start of the pandemic — 44% reported their spending had increased, compared to 30% of women. This number also jumps as we look at younger generations — 46% of Gen Z and 52% of Millennials have been spending more, compared to just 29% percent of Gen X and 11% of Boomers.

FIGURE 4

How have employees' financial expectations changed since before the pandemic?

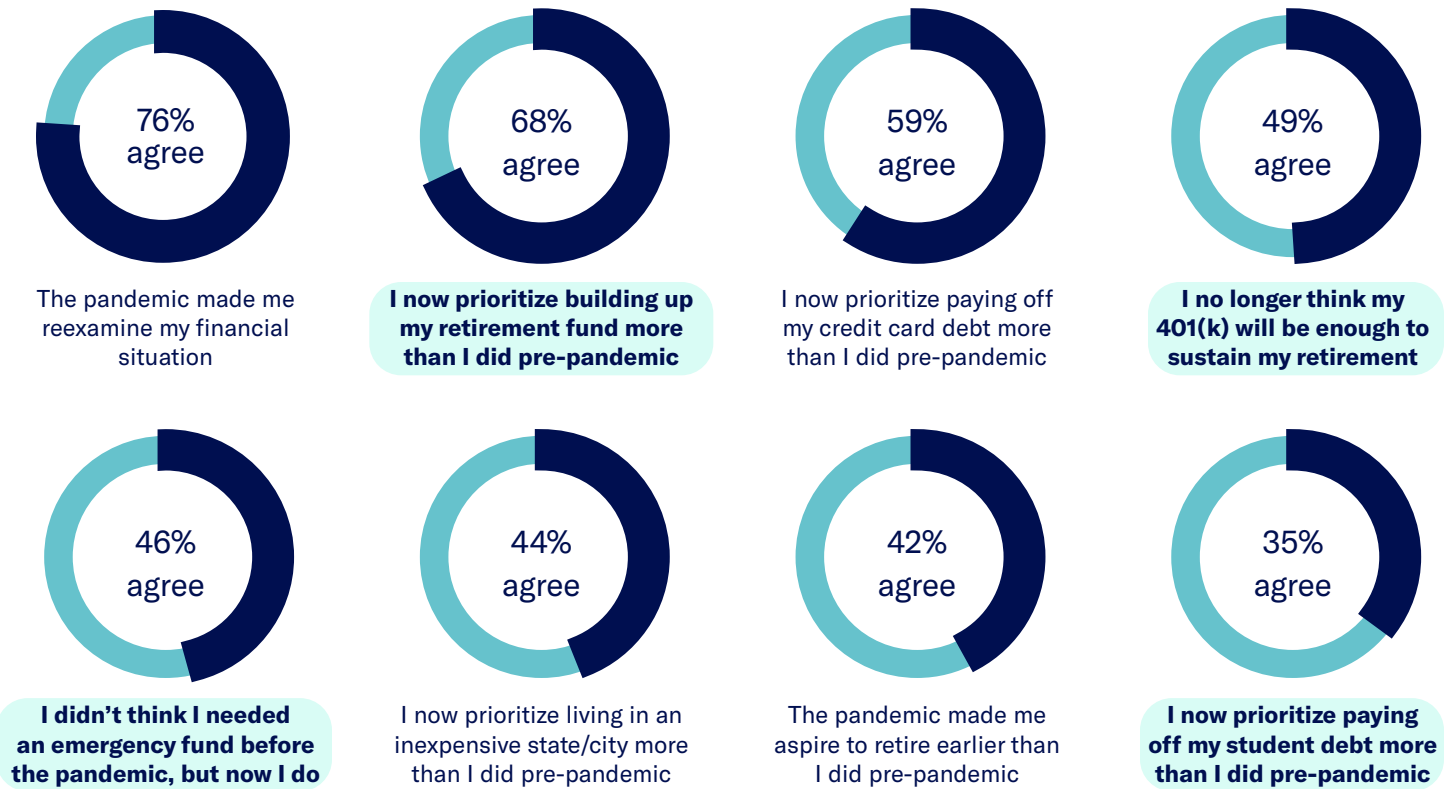


FIGURE 5

The State of the Workforce

Despite the high turnover rates facing many industries, the vast majority of full-time employees we surveyed (94%) didn't voluntarily quit their jobs in the past 12 months — however, **more than a quarter (28%) are currently in the process of looking for a new job**, including 25% of Gen Z, 33% of Millennials, 36% of Gen X, and 13% of Boomers. Those that quit left for the following reasons:

What were your motivations for quitting your job?

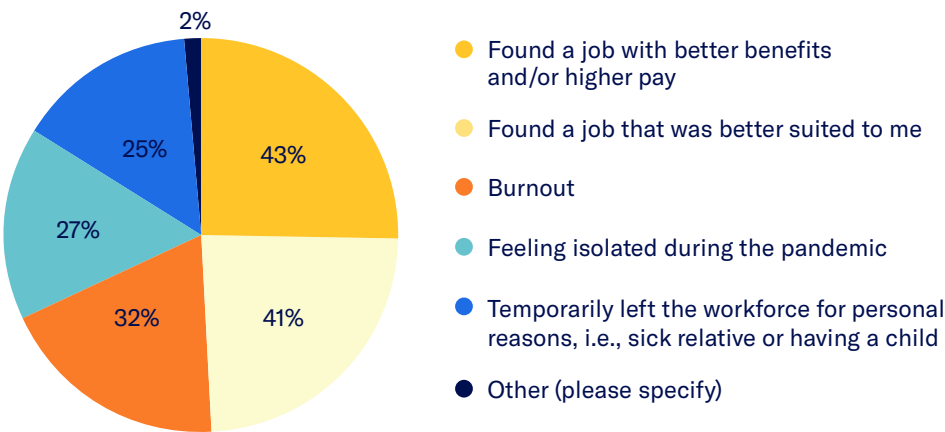


FIGURE 6

Gen Z both voluntarily quit (18%), and considered quitting (36%) at the highest rates compared to Millennials, Gen X and Boomers.

We see the impacts of COVID-19 across a number of these responses: burnout, isolation, and leaving the workforce to take care of personal issues were all highly cited factors. With the portion of people who left for a job that was better suited to them nearly equivalent to the portion of those who left for better benefits or pay, it's clear that the pandemic has made workers reevaluate what they need to be satisfied with their jobs — ideally, it should be both financially and emotionally fulfilling.

Women were almost twice as likely as men (7% vs 4%) to have quit their job in the past 12 months. Women also reported higher rates of burnout: 37% of women reported that burnout was their primary motivation for leaving their job, compared to 24% of men.

Betterment's POV

When it comes to switching jobs, higher pay is a determining factor for many workers. However, good benefits are critical too. A key role that the employer can play in supporting long-term financial wellness is **guiding** employees on how and where to save, and helping them understand their full financial picture. As such, employers that can offer ways to both support employees financially in the near-term, through bonuses and good salaries, as well as the long-term — by offering benefits such as retirement plans, employer-sponsored emergency funds, or student loan repayment programs — can help employees achieve financial wellness, and are likely to boost employee satisfaction.

Benefits Perceptions and Expectations for Employers

Amid the financial challenges of the pandemic and the ongoing fight for talent, employees are demanding more support from employers than ever before. 78% say it's important that their employer offer financial wellness benefits, and 71% say these benefits are even more important now than they were pre-pandemic. Incredibly, **68% would prioritize having better financial wellness benefits above an extra week of vacation.**

How people perceive financial wellness benefits:

83%

I view financial wellness benefits as a sign that my employer values me and my work

75%

Even when/if I return to the office full-time, I'll still prioritize financial wellness benefits above in-office perks like snacks and ping-pong tables

78%

I want my employer to more proactively and clearly communicate the financial wellness benefits they offer to me

70%

Having a live financial advisor to speak to would be valuable in helping me achieve financial wellness

68%

I would prioritize having better financial wellness benefits above an extra week of vacation

65%

I now expect my employer to offer me more financial support than I did before the pandemic

Betterment's POV

Although the pandemic has presented a huge variety of challenges, it's clear that it's had one positive lasting impact — financial wellness has truly become a top priority for people. Benefits packages that support long-term financial wellbeing are even being valued above flashier/more “fun” in-office perks with more immediate gratification. Moreover, people are more eager than ever to engage with the benefits their employer provides, which all businesses should note and consider: what more can I be doing to help my employees understand their benefits, and how to best take advantage of them?

When asked to prioritize financial wellness benefits, employees ranked access to a high-quality 401(k) and 401(k) matching program as the most important — followed by a wellness stipend, and flexible spending account or health savings accounts. Interestingly, an employer-sponsored emergency fund was ranked fifth. This is a benefit that has come into the spotlight more since the start of the pandemic, and shows that there is employee appetite for employers to help guide them with accumulating emergency savings.

How are people ranking financial benefits?

FIGURE 7



We found that 78% of respondents take advantage of most or all financial benefits offered by their employer, while the remaining 23% take advantage of small amount or none. Only 26% of Gen Z are taking advantage of all their employers' financial wellness offerings, compared to 32% of Millennials, 38% of Gen X, and 28% of Boomers.

What are the primary reasons that most people don't use all the benefits offered by their employer?

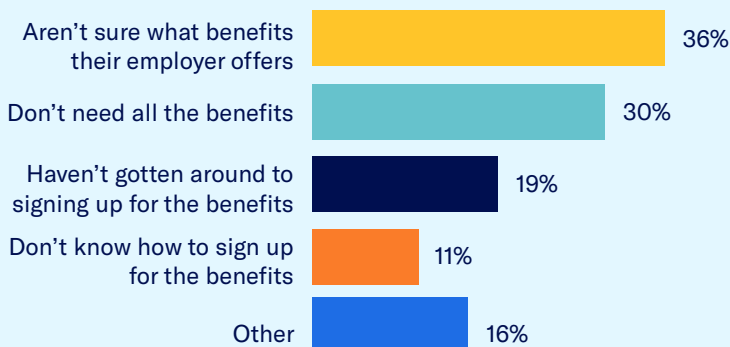


FIGURE 8

The easiest way for employers to begin improving employee satisfaction with their financial wellness offerings is to ensure that employees are taking advantage of the benefits that they already provide. They should provide clear, regular communications around benefits programs to help employees understand what is offered, how and when to sign up, when to re-engage them with certain offerings — such as sending email reminders to raise their 401(k) contribution rate, or instructions for how to take advantage of their wellness stipend or schedule time with a financial advisor.

Implications of Benefits on Employee Retention

Of the employees we surveyed, **74% would be likely to leave their job for an employer that offered better financial benefits**. This is especially true amongst younger generations, climbing to 79% for Millennials and 84% for Gen Z. Employees indicated that the top three most enticing benefits are a high-quality 401(k), a 401(k) matching program, and a flexible spending account or health savings account.

What benefits could a prospective employer offer that would entice you to leave your job?

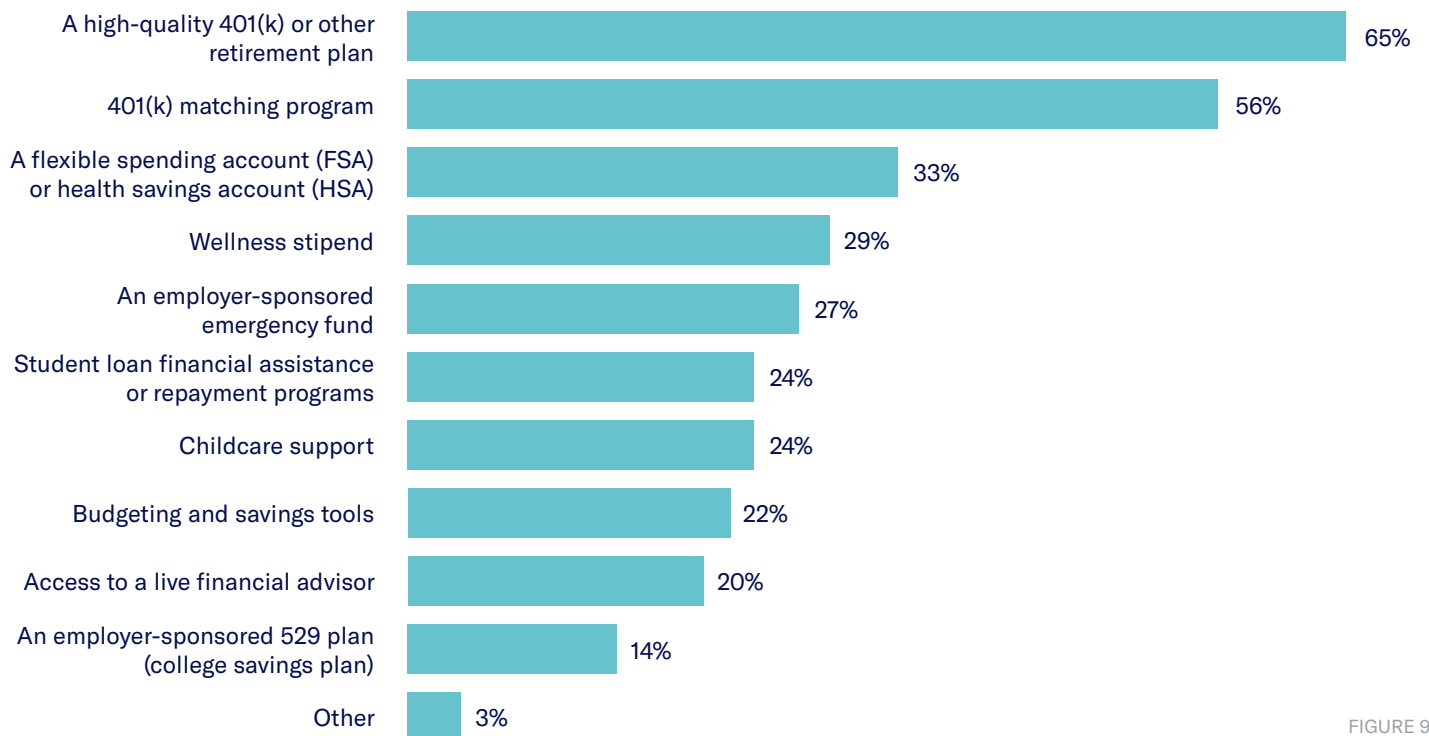


FIGURE 9

It was interesting to see the differences between this graphic and the prioritization graphic in section three, including how student loan assistance programs were ranked. While ranked second to last in the latter graphic, we see here that 24% would be enticed to leave their current job for an employer that offers this type of program.

This indicates that while student loan assistance isn't one of the key benefits employees expect to receive, it would entice more of them to join a potential employer — it's a more differentiated benefit that employers can offer to stand out to potential talent. This is particularly important for attracting younger workers: the 24% jumps up to 49% for Gen Z as a critical benefit that would entice them to go to a prospective employer.

Betterment's POV

Retirement planning is a critical and expected benefit — something for which an employee would jump to a prospective employer, if their current employer did not offer one. Understanding the level of interest we're seeing in student loan assistance and 529 plans requires a more nuanced view. While common and longer-standing benefits like the 401(k) remain the highest priority, there is clear interest in solutions that can help workers and their families save for college and pay off student debt.

However, the attractiveness of these benefits depends on workers **having** student debt or foreseen education needs, so it won't be something that everyone requires in the way that everyone needs access to a retirement plan. Additionally, there's not yet broad awareness in the market of what these offerings would look like to employees, and how employers should develop and implement them. Legislation such as the CARES Act is beginning to pave the way for greater adoption of student loan repayment benefits, and benefits providers can play a key role in helping employers understand how to shape these programs and communicate their value to employees.



How are employers responding to the Great Resignation and the renewed focus on benefits?

34% said their employer has begun offering new financial wellness benefits over the past year — the most common being a 401(k), wellness stipend, and 401(k) matching program, which aligns well with what employees indicated they want from their employers.

Here are the most common new financial wellness benefits that employers have begun offering in the past 12 months:

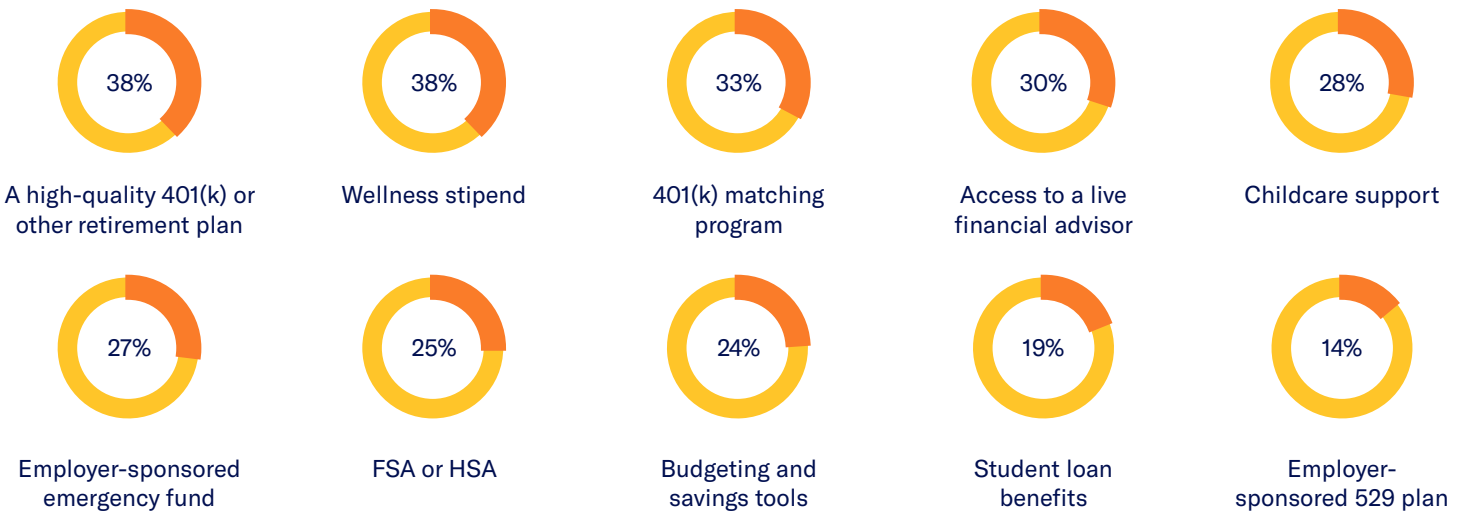


FIGURE 10

30% of employers began offering access to a live financial advisor: a great benefit, although one that our survey found employees don't prioritize as highly as other offerings. As this could be an employee's first time having access to a live advisor — and they may feel intimidated, or unsure of how to work with them effectively — employers can play a key role in helping employees understand the value a financial advisor can provide and the best times to engage with them.

Student Loan Debt and its Impact on Retirement Saving + Financial Wellness

Student loan debt is often named as one of the main factors standing in the way of saving for retirement. We were curious to examine how employees are navigating their debt, and what role they expect their employer to play in alleviating it. More than one third (35%) of respondents are responsible for student loan debt — either their own, or someone else's.

How much student debt respondents owe:

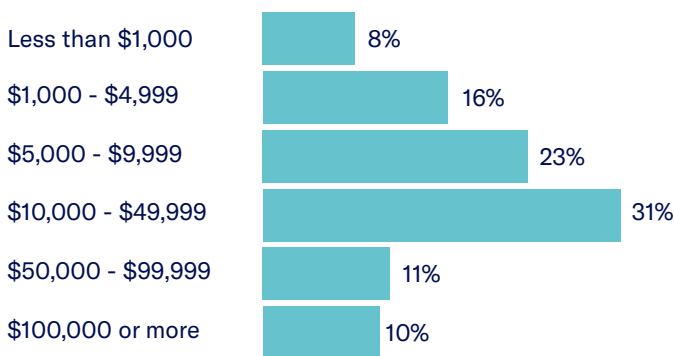


FIGURE 11

A closer look:

- ◆ Gen Z currently holds the most student loan debt, with 51% having taken out loans compared to 43% of Millennials, 29% of Gen X and 15% of Boomers
- ◆ 40% of women reported having student loan debt, compared to 28% of men
- ◆ Women were nearly twice as likely (32% vs 17%) to say that student loan repayment programs would entice them to stay with their current employer

Despite this debt, our survey found that people with student loans are doing a good job stashing away money: 63% of student loan borrowers have an emergency fund, compared to 67% of those without loans.

However, they've had a harder time weathering the pandemic:



69%

of student loan borrowers have had to use their emergency fund since the start of the pandemic, compared to just 31% of those without student debt.

41%

of student loan borrowers had to take on a second job or part-time work due to financial instability since the start of the pandemic, compared to just 15% of those without student debt.

Betterment's POV

Since COVID-19 relief measures granted federal student loan borrowers deferments on payments, many borrowers likely didn't need to use their emergency funds or take on additional work in order to make loan payments specifically — so this may be a symptom of broader financial issues facing those with student debt.

We asked all respondents about how they view their employer's duty here: 57% believe employers should play a role in helping employees pay off student debt, and 83% of them think their employers should be responsible for helping with at least a quarter of their debt. This doesn't necessarily mean that the employer needs to pay off 100% of that debt directly — more so, that employees want their employers to help guide them through that process and identify better ways to do so.

What portion of your student debt do you think your employer should be responsible for helping you with?

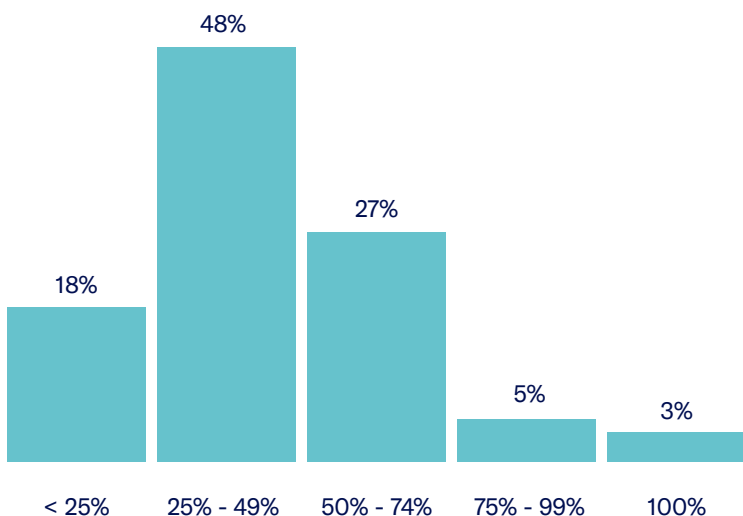


FIGURE 12

A staggering 85% of student loan borrowers would be enticed to leave their job for an employer that offered better financial benefits. Drilling down, borrowers were nearly three-times as likely than those without student loans (43% vs. 12%) to say that a prospective employer offering a student loan repayment program would entice them to leave their current job.

When asked about retirement, 55% of student loan borrowers indicated that having access to a high-quality 401(k) would motivate them to stay with their employer, compared with 72% of those without loans. While retirement planning is clearly important to both groups, people without student debt are prioritizing it more.

Betterment's POV

An employee's savings plan varies significantly based on the financial hurdles they have in front of them — thinking far ahead to retirement is much trickier when you have thousands of dollars in student loans weighing on you right now. However, when student loan interest rates are low, [it can be more financially prudent](#) to put your money towards investing and saving, than paying down your debt immediately. There are many factors and decisions to evaluate as you look at your full financial picture, which is why seeking the help of financial advisor partners — can be helpful in determining next steps.



Employers: it's clear that employees want greater support with financial wellness.

This means helping them take advantage of the great benefits your business currently offers, as well as rethinking benefits offerings to adjust to their current needs. If your company is still working remotely, maybe it's time to consider redirecting the old coffee and snacks budget towards a more flexible wellness stipend that employees can use to support their current needs while working from home.

Your benefits package can't — and doesn't need to — meet every employee's every need. However, there are simple, cost-effective ways to provide them with a [financial wellness solution](#) that can offer retirement benefits, emergency funds, investing, access to financial advisors, and other planning tools.

METHODOLOGY

An online survey was conducted with a population of potential respondents from September 15, 2021 to September 20, 2021. Betterment for Business engaged Market Cube, a research panel company, to broadly disseminate the survey to its population. The sample population was completed by a total of 1,000 respondents who are 18 years and older, and full-time employees across industries. All respondents were invited to take the survey via an email invitation. Survey respondents were incentivized to participate via Market Cube's established points program, regardless of positive or negative responses. Survey respondents were not required to be Betterment for Business clients to participate.

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