

Worksite in Progress.

The pathway to
voluntary benefits
success

Q2 2024 Report

Working hard to tread deep waters



∴ MassMutual

FOR EMPLOYERS. NOT FOR USE WITH EMPLOYEES.

Introduction

Welcome to the second edition of our quarterly series, where we investigate the evolving landscape of working Americans¹ and their perceived financial well-being by analyzing their changing attitudes and outlook.

Each quarterly report is based on data from our monthly Workforce Financial Stability Score (WFSS)SM surveys, which measure working Americans' perceptions across six financial dimensions:

- 01 Ability to manage expenses between paychecks
- 02 Ability to withstand unexpected expenses
- 03 Ability to help others financially
- 04 Overall net worth
- 05 Confidence in meeting longer-term goals
- 06 Likelihood of reaching personal retirement goals

Our surveys also allow us to observe the evolving economic landscape's impact on their financial perspectives, enrollment experiences, and attitudes toward voluntary benefits – while also providing a closer look at financial well-being overall through the eyes of three specific segments: the Financially Challenged, Stable and Healthy.

- 01 Financially Challenged Americans are struggling the most
- 02 Financially Stable Americans are more secure but with room for improvement
- 03 Financially Healthy Americans are the most positive about their finances



¹MassMutual defines working Americans and middle market employees as those working at firms with at least 25 benefit-eligible employees with a household income of \$40,000 to less than \$150,000, and assets less than \$300,000.

What you need to know



Quarterly scores:

Financial stability among working Americans

Working hard to tread deep waters

Working Americans continue to work hard to manage their money from paycheck to paycheck. However, looking deeper, Americans are keenly aware of the challenging environment, one which has led them to make increasing trade-offs today and propels their concerns about tomorrow. Though proud of their efforts, Americans' financial attitudes and actions are waning – leaving many feeling like they are treading water and their financial well-being sinking.



Segments up-close:

Digging into financial well-being by segment

Stable is the new healthy

Even most of the Financially Healthy do not call themselves "healthy", rather they see themselves as "stable". More concerning are the Financially Stable and Challenged segments, who face significant emotional and practical hurdles. This includes feelings of uncertainty and anxiety; these segments are the most likely to be reactive to the current environment and struggling to maintain healthy money habits.



Spotlight insight:

Perceptions and opportunities around voluntary benefits

Voluntary benefits offer a way to take control

There is a strong connection between job security, financial well-being, and overall happiness among working Americans. While confidence in job security is waning, voluntary benefits have the potential to provide a sense of financial well-being in their own right. The key is access and knowledge, especially to benefits outside of just dental and vision.

Quarterly scores

Working hard to tread deep waters

A new high showcases working Americans' grit and continued efforts to strive today, but also reveals looming concerns about tomorrow.

In Q2 2024, the Workforce Financial Stability Score (WFSS) reached a new quarterly high at 57 points. This high represents continued striving and strengthened confidence among working Americans in managing and stretching their hard-earned money. The two biggest factors driving the uptick in the WFSS are increases in their abilities to “manage expenses between paychecks” and “withstand unexpected expenses”.

However, looking year over year there is a decline in “confidence in doing what is needed to meet longer-term goals” indicative of increasing concerns about the future.

“My savings have dwindled to nothing. Taxes and cost of living is going up while my paycheck remains the same.”

Financially Challenged, Gen Z, Male



Q2 2024 AVERAGES

vs. Q1 '24 vs. Q2 '23

Workforce Financial Stability Score

57.0 +0.6 +0.9

My ability to manage my expenses between paychecks

67.5 +0.3 +2.6

My ability to withstand unexpected expenses

56.5 +1.1 +2.0

Confidence household is doing what is needed to meet longer-term goals

53.8 +0.4 -1.2

Workforce Financial Stability Score by month



Quarterly scores

Working hard to tread deep waters

Looking deeper, Americans are keenly aware of the challenging environment, one which has led them to make increasing trade-offs today and propels their concerns about the future.

Majorities are concerned about high cost of essentials, non-essentials, and gas, as well as the upcoming elections. Job security is waning year-over-year as well (down 6 points since April 2023). Additionally, there are pervasive concerns about tomorrow – only half are confident about their finances for the rest of the year, and about half are concerned about their ability to save for the future and retirement.

It is not just concerns that run deep, but halfway through 2024, consumers are slipping in their healthy money habits. They know they should be saving more, but fewer are building their emergency funds and saving money, and more are incurring debt, including credit card debt.

The result: While proud of their efforts to withstand current economic forces, their financial attitudes and actions are waning – leaving many feeling like they are treading water and their financial well-being sinking.

Beyond the core WFSS dimensions, just 10% of working Americans say their financial well-being is very good, down 4 points year over year.

So what?

01

Working Americans are in a battle and doing everything they can to keep going. Approach each with **respect** and **recognition** for the hard work they are doing to make it through each day.

02

Showcase aspects that lessen their **mental load**. For example, the advantage of having voluntary benefits automatically deducted from their paycheck vs. having to manually contribute.

03

Consider communication and signals to **remind** and **encourage** working Americans to continue to plan and find ways to track toward long-term goals. For example, reminders they are doing a good job by contributing to voluntary benefits, or providing financial tips to help manage their current economic challenges.

69%

are concerned or very concerned about rising prices of essential goods/services

63%

are concerned or very concerned about rising prices of non-essential goods/services

63%

are concerned or very concerned about rising prices of gas

58%

are concerned or very concerned about the upcoming national elections

48%

are extremely or somewhat confident in their financial situation and outlook for the remainder of 2024

51%

are concerned or very concerned about being able to save for the future before retirement

50%

are concerned or very concerned about their ability to save for retirement

-6

points in job security confidence

74%

are confident or very confident about their job security vs. 80% in April 2023

Segments up-close

Stable is the new healthy

Stable is the new healthy, but a feeling lacking for most.

Just 15% of working Americans self-describe their financial well-being as “healthy”. Rather, 51% consider themselves “stable”, while the other 31% say they are “challenged”.

Diving into each segment reveals a darker picture, one of stability at best, and sinking waters at worst.

Financially Healthy – stable in feelings and action

They are not overly optimistic about their financial state – just under 1 in 3 describe their financial state as “healthy” and few say they are “empowered,” or their situation is “easy”. Instead, most describe themselves as “stable”, along with words like “hopeful” and “confident”. Stability manifests in action; this segment continues to budget and contribute to emergency and retirement accounts.

Financially Stable – cautious, but hopeful

Many working Americans in this segment feel “stable” or “hopeful”, but nearly one-quarter (23%) describe their financial status as “challenged”, and just 46% feel confident in their personal financial situation and outlook for the remainder of the year. There is a tension of stability and uncertainty that we see in action – about half contributing to emergency funds, but many spending more and saving less.

Financially Challenged – sinking

Most (81%) classify their financial situation as “challenged”. They describe their financial feelings as “anxious”, “uncertain” and “overwhelming” and over half see their financial situation as “depressing”. Financially healthy actions have also rapidly declined – 36% have decreased or stopped saving money, and 47% have increased their credit card debt since January. On a brighter note, year-over-year there has been an uptick in the WFSS among this segment as they are working hard to make sure they manage their money more than ever between paychecks.



Workforce Financial Stability Score

	CHALLENGED	STABLE	HEALTHY
Q2 '24	25.4	55.8	81.8
Q2 '23	+1.3	-0.3	-0.6

Which of these would you use to describe your feeling of financial well-being?

Describes self as: “Challenged”

CHALLENGED	STABLE	HEALTHY
81%	23%	5%

Describes self as: “Stable”

CHALLENGED	STABLE	HEALTHY
15%	63%	64%

Describes self as: “Healthy”

CHALLENGED	STABLE	HEALTHY
2%	10%	31%

Responded: “Not sure”

CHALLENGED	STABLE	HEALTHY
3%	4%	0%

Segments up-close

Stable is the new healthy



“We are drowning. It’s depressing. I can’t save up for anything for my children. Future Christmases and other holidays may be very slim to nothing.”

Financially Challenged, Millennial, Female



“Exhausted of always planning many steps ahead of everything, just in case something bad happens. I always need to be prepared for some sort of financial hit.”

Financially Stable, Millennial, Female



“I never feel like I am doing quite enough to really put myself in a good future position.”

Financially Healthy, Gen X, Male

So what?

01

It’s imperative to understand the current outcome in mind = a sense of **stability**. This manifests in how we need to speak and approach each segment and their desired goals in mind.

02

Emotional connection and empathy is imperative – especially for those most affected, the Financially Stable and Challenged.

03

Actions should be discussed but tailored by segment. Financial well-being is not just a feeling, but manifests through action. Seek to provide advice on small tips and tricks, small ways to win, use cases that speak to the current economic environment.

Spotlight insight

Voluntary benefits offer a way to take control

Job security (or lack thereof) has a huge impact on well-being.

Working Americans say the number one influence on their feelings of financial well-being is their job/employment status. But job security is waning. Confidence in job security has declined 6 points compared to last year, with decreases experienced by each segment. This comes in parallel with concerns about AI in the workplace – 2 in 5 (38%) are concerned that AI could threaten their earning potential.

With a majority (68%) of working Americans saying their financial situation has an impact on their overall well-being and happiness, it is no wonder they feel less than optimistic.

Voluntary benefits have the potential to make a positive impact, but not all are created equal.

The plurality of working Americans say voluntary benefits are essential to their financial well-being (62%) and access to voluntary benefits can improve their financial mindset (60%). Additionally, 1 in 3 say protection products (such as life, accident, critical illness insurance, etc.) influence their feeling of financial well-being.

However, dental and vision insurance lead the voluntary benefits space today – these are the most valued benefits at 72% and 67%, respectively. Protection benefits including whole and term life, disability income, accident, critical illness, and hospital indemnity insurance are valued by approximately 1 in 2.

Though there are many external forces out of their control such as inflation and job security, voluntary benefits can offer a way to enable working Americans to take back some control.



70%

say, “Job/employment status influences my feeling of financial well-being.”

68%

agree that “my financial situation has a significant impact on my overall well-being and happiness.”

62%

strongly or somewhat agree that “voluntary benefits are essential to my overall financial well-being.”

60%

say, “Access to voluntary benefits significantly or somewhat improves my financial mindset.”

Spotlight insight

Voluntary benefits offer a way to take control

"I'm very concerned about job security and whether Social Security will be available to me."

Financially Stable, Baby Boomer, Male



"Sometimes I worry that I make enough to be comfortable [now], but not enough to save for my future. That really worries me."

Financially Healthy, Gen X, Female



So what?

01

Understanding they have **access** can foster more positive mindsets and regular reminders can help keep their value top of mind. Ensure there are multiple opportunities, channels and times to provide access to sign-up information.

02

Many still do not fully understand the details and value of voluntary benefits, but there is interest to learn more. Seek opportunities and ways to further **educate** employees about voluntary benefits, including features that include group rates and portability, and provide example cases that are easy to understand.

03

Working Americans feel like they are working against external factors. Consider a **tone** that empowers working Americans and lets them feel like voluntary benefits allows them to take back some control in the chaotic world.

Value of different voluntary benefits

% consider these types of voluntary benefits as very valuable or valuable

Group dental insurance	72%
Group vision insurance	67%
Group whole/permanent life insurance	55%
Group term life insurance	52%
Group disability income insurance	51%
Group accident insurance	49%
Group critical illness insurance	48%
Hospital indemnity insurance	45%
Identity theft insurance	44%
Legal insurance	36%
Pet insurance	27%

The MassMutual Workforce Financial Stability Score measures the changing attitudes and financial outlook of working Americans. Commissioned by MassMutual, the research began in June 2022 and is conducted online, monthly, among a nationally representative sample of 1,000 U.S. middle-market employees.

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