

**Worksite in Progress.**

The pathway to  
voluntary benefits  
success

Q3 2024 Report

Unstable and uncertain



**∴ MassMutual**

FOR EMPLOYERS. NOT FOR USE WITH EMPLOYEES.

# Introduction

## How can we help working Americans<sup>1</sup> gain much-needed stability and certainty despite an increasingly challenging macroeconomic environment?

That's the question at the heart of the third *Pathway to voluntary benefits success* quarterly report, which once again examines the perceived financial well-being of employees in America. Each quarterly report is based on data from our monthly Workforce Financial Stability Score (WFSS)<sup>sm</sup> 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

The Q3 report highlights growing unease among respondents – about job security, living costs, the future, and more. But also, an even greater awareness of voluntary benefits' value as a tool to protect against each of the three specific working American segments we cover.

- 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



<sup>1</sup>MassMutual 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

## Unstable and uncertain

In Q3 2024, working Americans, most notably the Financially Challenged, express wavering stability in light of the challenging macroeconomic environment. At the same time, everyday concerns loom. Job security feels uncertain, and there are pressures from high everyday living costs. With a laser focus on the near-term, there has been a clear trade-off in working Americans' future; confidence in doing what they need for their future goals is at the lowest point since the study launched.



## Segments up-close:

Digging into financial well-being by segment

## The trade-offs of today and tomorrow

Though recent quarterly trends are driven primarily by the Financially Challenged, all three segments feel the tensions of the current environment and express the trade-offs they are having to make to keep pace. For the Financially Challenged, the strive to pay today's bills comes at the expense of their ability to pay for anything more than the expected. For the Financially Stable and Healthy segments, their concerns lie farther out, with declining confidence they are doing all they can for their long-term goals.



## Spotlight insight:

Perceptions and opportunities around voluntary benefits

## The tension of benefits

Despite – or perhaps in reaction to – the economic environment, working Americans perceive a greater sense of value in employee benefits. Not only do benefits like life insurance represent clear protection for their families, but there is a sense of gratitude for having benefits 'just in case'. At the same time, they pay close attention to how every dollar spent impacts their final take-home pay – so there is a need to recognize and even communicate around the cost-benefit equation working Americans are creating in their minds.

## Quarterly scores

# Unstable and uncertain

**Q3 2024 reveals a weakening sentiment among the American workforce as we head towards the end of the year.**

At 55.7 in Q3 2024, the Workforce Financial Stability Score (WFSS) dips more than one point since last quarter but remains comparable to the score measured in the third quarter of 2023. In fact, all metrics that make up the score are down since Q2 2024 – with notable declines in working Americans’ confidence in doing what is needed to meet long-term goals (-1.7), ability to help others financially (-1.5) and ability to withstand unexpected expenses (-1.4).

**Working Americans are walking a financial tightrope, focusing on present necessities but at the expense of being able to work towards future aspirations.**

Similar to previous quarters, the focus for working Americans continues to be on stretching their paychecks, up 1.4 points from 2023. However, fewer than 1 in 5 working Americans (17%) feel good about their financial futures. The majority continue to work towards longer-term financial goals such as saving for retirement and buying/paying off their homes. Yet, confidence their household is doing what is needed to meet longer-term goals now sits at its lowest since the tracking began (52.1, down 1.7 points since last quarter, and down 2 points since last year).

*“I’m confident in the money I have and my frugality of spending but in the state I live in, taxes are ridiculous, economy ridiculous, increases in gas, food, everything is unbelievably high. I don’t know how much more I can adjust.”*

**Financially Healthy, Gen X, Female**



### Q3 2024 AVERAGES

vs. Q2 '24 vs. Q3 '23

Workforce Financial Stability Score

**55.7** -1.3 +0.3

PRESENT

My ability to manage my expenses between paychecks

**66.9** -0.7 +1.4

My ability to withstand unexpected expenses

**55.2** -1.4 +0.7

My ability to help others financially

**47.5** -1.5 +0.4

My overall net worth

**53.9** -1.2 +0.8

FUTURE

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

**52.1** -1.7 -2.0

Likelihood will reach personal retirement goals

**61.7** -1.1 +1.0

**17%**

feel good about their future financial well-being (selected 9 or 10 on a scale of 0 to 10)

## Quarterly scores

# Unstable and uncertain

### Financial instability and hardships today breed uncertainty about tomorrow.

Reasons for uncertainty about future finances include a combination of macroeconomic and personal factors. Many working Americans still cite inflation and the rising cost of living as major factors for their eroding confidence in achieving longer-term financial goals. Some also feel that unpredictable market conditions make it difficult to plan for the longer term, especially regarding retirement savings.

On a personal level, job insecurity or unstable income mixed with personal financial challenges inflate their lack of confidence about longer-term goals. Some express concerns around self-employment or working in industries with uncertain futures, while others are worried about potential job losses or reduced hours.

Even among working Americans most confident in achieving their longer-term goals, their greatest confidence is in putting money away for retirement (37%), whereas few (less than 1 in 5) feel confident about making their retirement funds last. In an economic climate where even some of the most confident Americans express doubts, the American dream of financial security might be slipping through the fingers of the middle-market workforce, one paycheck at a time.

## So what?

01

Security, protection, and any sense of certainty are much needed. Consider framing conversations and benefits in a way that showcases stability.

02

Getting to retirement – let alone surviving and thriving in it – feels far off. How can voluntary benefits help support Americans during their retirement?

03

Their paychecks are precious – recognize the bottom line and provide Americans with a compelling cost-benefit positioning.

Workforce Financial Stability Score by month



*“Economic instability and rising inflation rates make it challenging to save and invest effectively.”*

**Financially Challenged, Gen X, Male**

*“I feel a lot of anxiety around my job, as I’m worried about layoffs hitting my company and the industry that they operate in.”*

**Financially Healthy, Millennial, Female**

## Segments up-close

# The trade-offs of today and tomorrow

The Financially Challenged drive the WFSS dips experienced between Q2 and Q3 2024.

Each quarter, working Americans are classified into one of three MassMutual segments (Financially Healthy, Financially Stable, and Financially Challenged) based on their perceptions across six financial dimensions about their situation and outlook. And each quarter, approximately 1 in 4 American workers fall in the Financially Challenged segment.

It may not be surprising that the overall decline in the WFSS since last quarter is primarily driven by this segment. They find themselves heavily concerned with what might be around the corner – unexpected expenses and being ready for future financial well-being. This may have led to declining optimism in terms of their net worth.

Financially Stable and Financially Healthy show little to no change from last quarter.

However, the sentiment and confidence of all three segments have shifted since a year ago (Q3 2023) – each uniquely feeling the tensions of today and tomorrow.



### Workforce Financial Stability Score

	CHALLENGED	STABLE	HEALTHY
Q3 '24 averages	24.3	56.2	81.8
vs. Q2 '24	-1.1	+0.3	0.0
vs. Q3 '23	-0.1	0.0	-0.6

### Workforce Financial Stability Score six dimensions (Q3 '24 average scores and shifts since Q3 '23)

	CHALLENGED	STABLE	HEALTHY
My ability to manage my expenses between paychecks	38.7 (+1.5)	68.7 (+1.4)	88.4 (+0.2)
My ability to withstand unexpected expenses	20.5 (-1.2)	56.3 (+0.9)	83.1 (+0.6)
My ability to help others financially	14.6 (-0.6)	47.2 (+0.9)	76.2 (-1.3)
My overall net worth	23.3 (-0.7)	54.4 (+1.2)	79.6 (0.0)
Confidence household is doing what is needed to meet longer-term goals	18.0 (+0.4)	51.8 (-4.3)	81.5 (-2.3)
Likelihood will reach personal retirement goals	35.7 (+0.1)	62.0 (+1.3)	83.6 (0.0)

PRESENT

FUTURE

- Yearly shift >+1 percentage point
- Yearly shift <= -1 percentage point

# The trade-offs of today and tomorrow

01

## Financially Challenged - the unexpected looms

The Financially Challenged segment continues to feel strained, but they are more confident in their ability to manage their paychecks and handle their day-to-day expenses compared to this time last year (up 1.5). That said, their hard work in managing paychecks could be at risk as they show greater concern in being able to address unexpected expenses (down 1.2).

02

## Financially Stable - wish they could do more

Our largest segment of working Americans, the Financially Stable are also feeling better about their ability to manage today's expenses (up 1.4). This momentum may have led them to also feel more confident about their current net worth and the future. However, they are much more pessimistic about what they are doing to secure their long-term future goals (down 4.3).

03

## Financially Healthy - wavering aspirations

The Financially Healthy, generally, continue to feel secure in their situation. However, their more aspirational abilities to help others now and help themselves later is of greater concern. Despite more stability for this segment, they are feeling the tensions of the current environment on their aspirational goals of helping others (down 1.3). Confidence that they are doing what is needed to meet longer-term goals is also down (-2.3).

# The trade-offs of today and tomorrow



*“Inflation is so high it costs so much to buy groceries and put gas in my car that I can’t put what I want into retirement”*

**Financially Challenged, Gen X, Female**



*“I feel that I have a decent amount of money saved, but I don’t have any money invested. My current savings only grows when I put more money in. I don’t feel confident I will be able to retire.”*

**Financially Stable, Millennial, Female**



*“I do have a plan it’s working fairly well, if I stay on track I would be fine, but I’m counting on a stable and growing economy and I’m not so sure about that aspect.”*

**Financially Healthy, Gen X, Male**

## So what?

### 01

The Financially Challenged, far from in great shape, are trying hard to make their paycheck work for their needs. It is important to help them tackle that fear of the unknown. How can we communicate in ways that speak to the ‘fear of the unexpected’ and how voluntary benefits at work can help provide peace of mind?

### 02

The Financially Stable and Financially Healthy are both feeling less confident that they are doing all they can to meet their longer-term goals. There is opportunity to help these more stable workers as they look past the now to take action on their future goals and aspirations.



## Spotlight insight

# The tensions of benefits

**Amidst the chaotic environment, employee benefits have become increasingly valuable on an emotional level for working Americans.**

Nearly two-thirds of working Americans see voluntary benefits as valuable – up 5 points since the beginning of 2023. This is driven by the Financially Stable and the Financially Healthy segments – up 4 and 11 points, respectively.

In a world full of unexpected situations, employee benefits provide a sense of security “just in case” something happens – making working Americans feel good about today and helping ease their worry about tomorrow. 4 in 5 say having benefits makes them feel better about their current financial situation (79%, up 5 points since August 2022) and their financial future (79%).

**But tensions and barriers exist as working Americans weigh the cost of every decision, including employee benefits.**

*“The cost of insurance goes up every year along with everything else.”*

**Financially Challenged, Millennial, Female**

*“Especially considering inflation I have to weigh my benefits and what I can afford.”*

**Financially Stable, Gen X, Female**

*“I don’t want to lose any current benefits but can’t afford to add any either.”*

**Financially Healthy, Gen X, Female**



**I feel voluntary benefits are very valuable or valuable**

Jan 2023

**58%**

Feb 2023

**59%**

Aug 2024

**63%**

**Please indicate how much you agree or disagree with each of the following statements:**

My employee benefits help protect my family in case of injury, illness, or death

	TOTAL	CHALLENGED	STABLE	HEALTHY
Aug 2024	<b>80%</b>	<b>72%</b>	<b>76%</b>	<b>90%</b>
vs. Aug 2022	(+3)	(+8)	(-1)	(+4)

Having employee benefits makes me feel better about my financial future

	TOTAL	CHALLENGED	STABLE	HEALTHY
Aug 2024	<b>79%</b>	<b>61%</b>	<b>81%</b>	<b>91%</b>
vs. Aug 2022	(+2)	(-5)	(+7)	(+1)

Having employee benefits makes me feel better about my current financial situation

	TOTAL	CHALLENGED	STABLE	HEALTHY
Aug 2024	<b>79%</b>	<b>61%</b>	<b>80%</b>	<b>90%</b>
vs. Aug 2022	(+5)	(+2)	(+9)	(+2)

My employee benefits help me plan for retirement

	TOTAL	CHALLENGED	STABLE	HEALTHY
Aug 2024	<b>74%</b>	<b>54%</b>	<b>75%</b>	<b>88%</b>
vs. Aug 2022	(+2)	(-4)	(+3)	(+4)

● Shift since August 2022 => +5 percentage points

● Shift since August 2022 <= -5 percentage points

## Spotlight insight

# The tensions of benefits

A majority are concerned about the impact of inflation on their benefits. This September, 2 in 3 reported being worried their benefit costs will increase this enrollment period, and 3 in 5 said inflation is limiting their budget for benefits; worries are most pervasive among the Financially Stable and Financially Challenged segments.

Cost is also impacting how working Americans engage with benefits. Half (54%) expect to spend about the same amount on their benefits as last year, and 34% expect to spend more – largely due to the anticipation that costs will rise (versus spending because they want more). Of those planning to spend more time on selections, many feel the need to review their details in depth to understand how the costs of benefits will impact their paychecks. On the other hand, some say they can't afford more so there is no need to spend more time than in previous periods.

### **Macroeconomic worries combined with category barriers reveal the need for stronger ways to engage working Americans.**

Outside of medical benefits, 1 in 2 or fewer understand voluntary benefits including life insurance and disability to accident, long-term care, critical illness, and hospital indemnity. There are clear advantages to providing cost-benefit transparency. Americans are looking for clear costing, and the impact on what they take home. Greater details are valuable, especially in the form of easy comparisons. There is also an opportunity to make understanding and engaging with benefits easier. Examples include videos over physical information or having a checklist of items to review before making their selections.

**66%**

Agree 'I am worried that the cost of my benefits will go up this enrollment period'

**58%**

Agree 'Inflation is limiting my budget for voluntary benefits'

**55%**

Agree 'Inflation is limiting my budget for medical benefits'

### **Time planned to spend making voluntary benefits selection compared to last year**

More time:

**30%**

Same:

**54%**

Less time:

**9%**

## Spotlight insight

# The tensions of benefits



*“If I had a dedicated individual who I could ask questions that are specific to ME and what I want/don’t want. Too much generic information is always given when it comes to benefits.”*

**Financially Challenged, Millennial, Male**



*“Have different choices with explanations for each choice in a way most people could understand so I could choose what I feel would be best for me.”*

**Financially Stable, Gen X, Male**



*“Clear, detailed information about different options, as well as any changes to the plans. It would also be helpful to have access to a tool or resource that allows for easy comparison of the plans.”*

**Financially Healthy, Gen Z, Male**

## So what?

### 01

The Financially Healthy segment is most self-sufficient and willing to use all their resources and go in-depth. Consider DIY tools and resources as they can handle the detail.

### 02

The Financially Stable segment leans into their employer and the education they provide. They want more help in preparing - more choices, more cost information, more ability to compare their current benefits. They are open to one-on-one guidance.

### 03

The Financially Challenged segment seeks the most tailored and guided approach. They need an understanding of the category, but also want personalized information. They would be open to one-on-one guidance.



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The MassMutual Workforce 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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