Worksite in Progress

Working American Perceptions: Annual Assessment of Financial Well-Being

SEPTEMBER 2023

Workforce Financial Stability Score: Origins

It was mid-2022. The global impact of COVID-19 was dissipating, but its lasting influence on working Americans created a paradigm shift in terms of how financially secure they felt about today and tomorrow. But how do we capture their perceptions on financial well-being, and what does that mean to voluntary benefits?

While there are a great many surveys, articles, and analysis that have conveyed information on similar subject matter, MassMutual Worksite wanted to learn more — and do more — to provide benefits brokers and employers insightful data. We recognize that spotting and sharing trends is essential — for both benefits producers looking to build their business and for employers looking for ways to add more value to their employee benefits package. That's when we decided to start conducting our own trend-following surveys by contracting with My-Take (a market research firm) and began constructing the Workforce Financial Stability Score (WFSS).

MassMutual Worksite's mission is to transform today's workplace benefits for working Americans. We saw an opportunity to be that source for what's on their minds, with a particular focus on the Middle Market. But we wanted to take a more agile approach. Unlike other industry studies that often capture sentiments only once a year, we chose to conduct surveys monthly in order to observe real-time impacts of the changing economic environment (e.g., inflation, bank crisis, open enrollment period, etc.) and measure feelings of financial well-being throughout the year. Initially, we explored what levers might influence financial well-being, which resulted in six key dimensions[1] that also drive the WFSS (see list on the following page).

Although we officially launched the WFSS in December 2022, we have been tracking data since June of that same year. Month after month, we have been sharing how the score has been changing and why, and how working Americans are feeling across each key dimension. But we didn't stop there. We are also keeping a pulse on how working Americans are feeling about other timely topics, such as their recent enrollment experience, satisfaction with benefit offerings, inflation, and more.

The purpose of this special report is to provide a deeper analysis of what trends are impacting sentiments of financial well-being today, tomorrow, and in the future — and how that may affect worksite practices when it comes to enrollment in voluntary benefits.

All statistics and analysis described in this paper are from the monthly WFSS surveys conducted from June 2022 through May 2023.

We asked working Americans to rate their sense of financial well-being across six key dimensions[1] that drive the Workforce Financial Stability Score (WFSS).

1. Ability to manage expenses between paychecks
2. Ability to withstand unexpected expenses
3. Ability to help others financially
4. Overall net worth
5. Confidence to meet longer-term goals
6. Likelihood to reach personal retirement goals

[1] The six dimensions were determined from research of nearly 100 variables using statistical methods to determine the algorithm used.

‘Working Americans’ Defined

For Survey Purposes

Household Income Range
$40,000-$150,000 and assets less than $300,000

Distribution
Ages 22-67; Nationwide; All genders

Employment
Work for a company with 25 or more full-time employees (30 or more hours weekly) that provides voluntary benefits

Representation
Includes individuals from a variety of occupations

Survey Sample Size
Limited to approximately 1,000 participants each month

The WFSS is a weighted average based on the six dimensions outlined earlier.

Classification

Based on the WFSS, using a scale from 0 to 100 to indicate the overall sentiments of financial well-being, working Americans were segmented into three cohorts[2] (Figure A):

- Financially **Challenged:** Survey respondents who scored between 0 and 39
- Financially **Stable:** Survey respondents who scored between 40 and 69
- Financially **Healthy:** Survey respondents who scored between 70 and 100

These are important distinctions, as you will soon learn. Although individuals from each group may desire to take similar actions to improve financial well-being, feelings of surviving to thriving fluctuate based on perceptions.

Notable differences and possible opportunities to explore are in terms of:

Gender
Although the representative audience is roughly a 50/50 split, there is a lopsided perception of financial well-being: 62% of women feel Financially Challenged versus 37% of men. The inverse can be said about feeling Financially Healthy (61% of men versus 39% of women).

[2]The three segments are based on the survey responses associated with the six dimensions. In the survey, a 10-point scale of 0 to 10 was used, where 0 up to 4 is “very bad,” 4 up to 7 is “neutral,” and 7 to 10 is “very good.” When converted to a 100-point scale for the WFSS, this means 0 – 39.9 is very bad (challenged), 40 – 69.9 is neutral (stable), and 70 – 100 is very good (healthy). The distribution differs naturally each month by first determining the weighted average total score and partitioning segments based on the three ranges.

Living Situation

Owning a home also impacted perceptions of financial well-being: 53% of those who were Financially Challenged owned a home as compared to 78% of those who were Financially Healthy owned a home.

Income Contributors

For those surveyed who were either Financially Stable or Financially Healthy, households with two adult income contributors outweighed households with only one adult income contributor. However, those who were Financially Challenged, regardless of one or two adult income contributors, were equally represented in this cohort population.

Product Ownership and Benefits Enrolled

Beyond employee benefits that include paid time off, medical, dental, and vision, working Americans who were Financially Stable tended to own more products and enrolled in a greater number of voluntary benefits.

Figure A: Workforce Financial Stability Score by Segment Since August 2022

(Note: Although tracking the WFSS began in June 2022, tracking by segment did not occur until August of that year.)

	Financially Challenged 0–39	Financially Stable 40–69	Financially Healthy 70–100	Total WFSS
August	23.8	56	82.3	56.2
September	24.9	55.7	82.4	54.8
October	23.4	55.1	81.6	53.3
November	25.1	55.3	82.2	52.8
December	24.6	55.2	81.3	54.0
January	25.2	55.9	80.6	54.1
February	24.9	55.5	82.4	55.9
March	24.9	56.1	81.8	54.7
April	24	56.2	82.6	55.3
May	24.7	55.7	81.7	56.3

The Middle Market Mindset[3]

Figure B: This Year's Goal for Financial Well-Being

Working Americans were 3x more likely to improve vs. maintain financial well-being.

At the beginning of 2023, we derived from ancillary questions that working Americans were 3x more likely to be setting goals to improve their financial well-being compared to maintaining it (Figure B). In general, they were setting goals to save more, spend less, increase their income, and invest. Actions around saving more included building savings or emergency funds, budgeting, consulting a financial professional, having a financial plan, working more (increasing income), and saving for retirement (contributing to a 401k or similar retirement account).

Few expected to decrease contributions they are making to the savings funds they have (e.g., savings account, emergency fund, 401k, investments, IRA, HSA, voluntary benefits).

In terms of their spending behavior from last year to this year, people generally expected to cut back on eating out. Compared to other categories, areas more likely to see less spending this year include subscription services, vacations, and health and beauty products (Figure C). Essentials are areas where they more likely expected to spend a little more (possibly attributable to inflation). As rising costs may continue to be a concern for many working Americans into the next year, they may take additional cost-cutting measures, like switching to less costly store brands and products, canceling or limiting subscriptions (e.g., paid streaming services), limiting vacations, or driving less.

When asked which financial resources they plan to borrow or use money from this year, half of working Americans mentioned one or more sources, with emergency savings being the top response (Figure D).

[3]For the purposes of this analysis, the Middle Market equates to working Americans as described in the 'Working Americans' Defined section on page 4.

Figure C: Expected Spending Behavior – This Year vs. Last Year

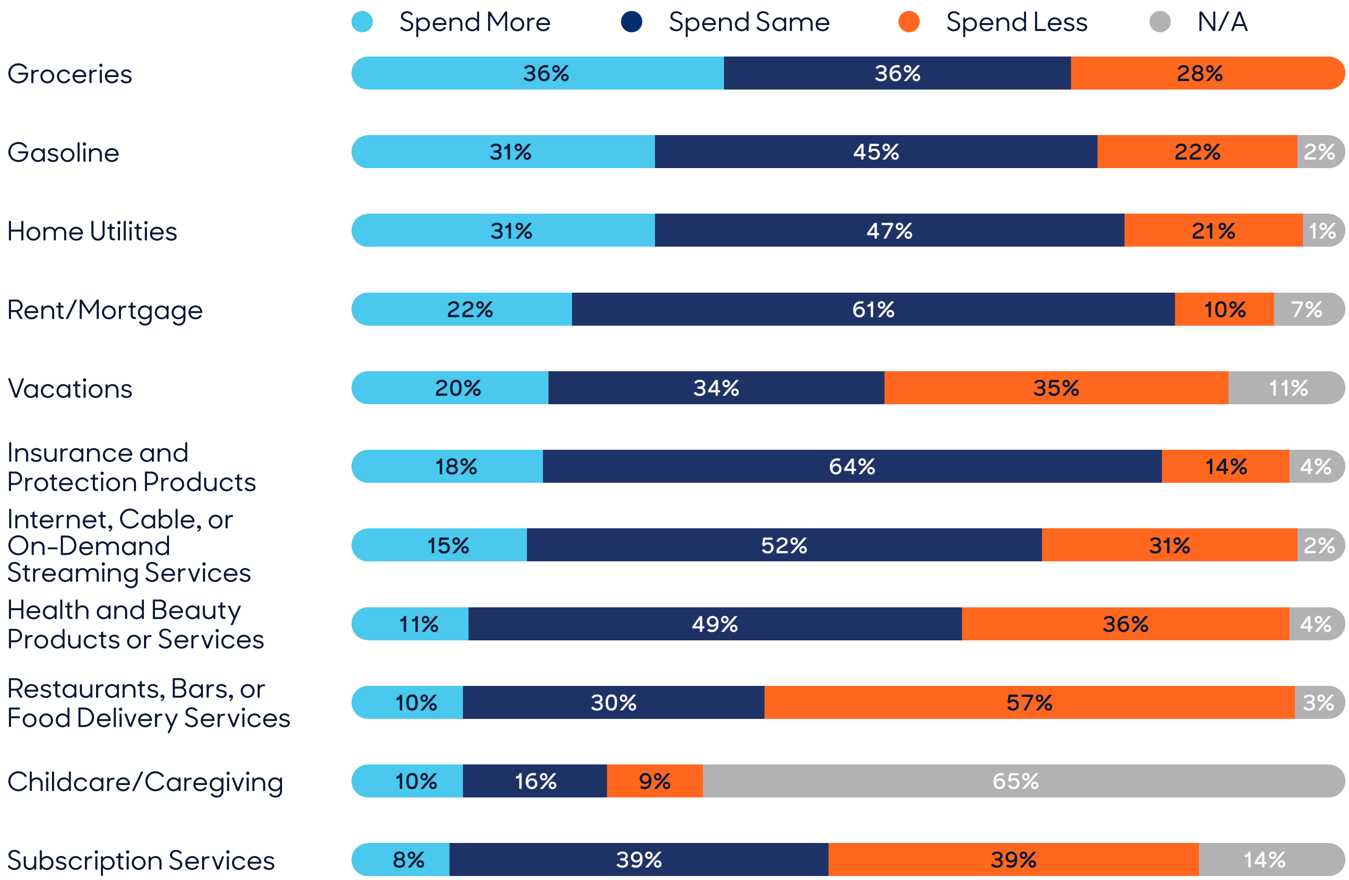
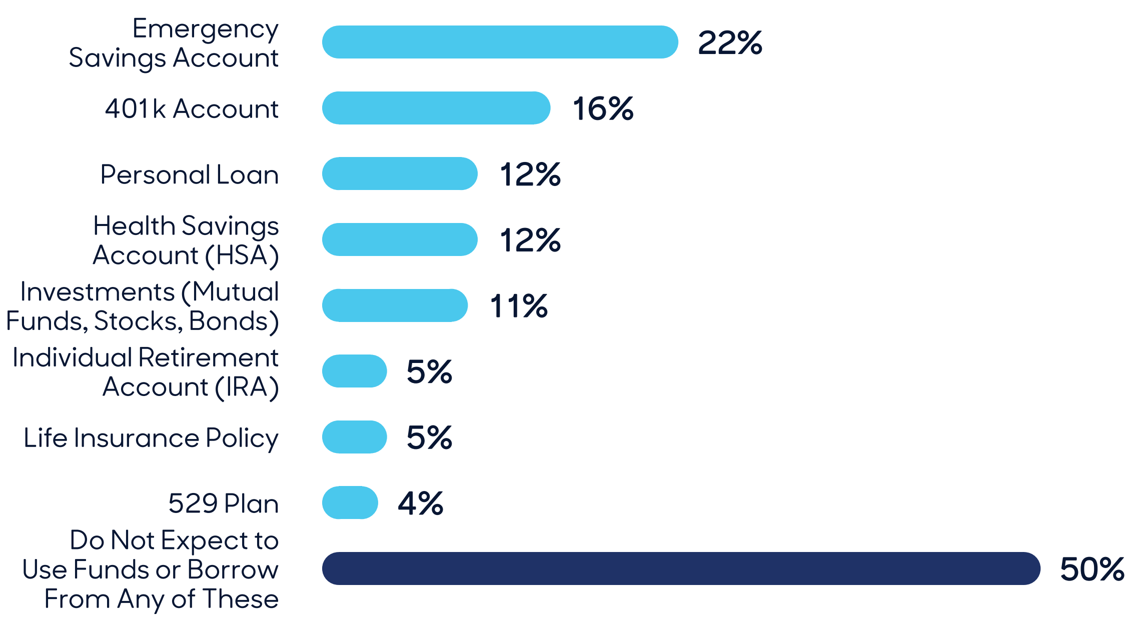


Figure D: Accounts Expected to Use Funds or Borrow Money From



Sentiments Based on Challenged vs. Stable vs. Healthy

Financially Challenged vs. Stable vs. Healthy: Diverse and distinct sentiments emerge across the three groups. These varied perceptions reflect the range of factors that shape their respective experiences within a constantly evolving economic landscape.

Supporting Evidence

The WFSS and the respective scores for each of the key dimensions (six in all) have been released and shared on the MassMutual Worksite public **website.** And with every release, we have been providing a narrative to help explain the movement in the primary score. While we have seen what may appear as marginal movement over time, there are significant gaps in perception of financial well-being, from the Financially Healthy to the Financially Challenged, that tell a more dynamic story.

Financially Challenged

Working Americans with a WFSS between 0 and 39

Compared to the other two cohorts, this group of working Americans are the most sensitive to changes in the economic environment. They have the highest level of concern, which at the time they were surveyed, may be the result of one or more of the following:

- Rising prices on essential goods and services, gas, and non-essential goods and services
- Economic concerns (worsening or possible recession)
- Impact on retirement savings
- Supply shortages or delays
- Housing market instability and affordability
- Job insecurity or the possibility of facing unemployment

This group may be more likely to actively take measures to deter both short-term and long-term spending (e.g., postpone home or car maintenance, switch to less-costly stores or brands, cancel subscriptions, drive less, or cancel vacations).

The Financially Challenged are less likely to be funding an array of financial vehicles (including voluntary benefits). They could see greater struggles living paycheck to paycheck, and so more of their attention and efforts in terms of savings are focused on establishing and building an emergency fund. However, the ability to save might be more challenging than for average working Americans, due to extreme price sensitivity. In some cases, the emphasis may not be so much about spending less, but about affordability of consumer products and services alone. Regardless, our trend-following surveys reveal this group is trying their best to spend less on both needs and wants — including groceries, vacations, entertainment, and eating out.

To overcome the challenges of affordability and keeping up with inflationary pressures, these individuals have a higher probability of seeking additional employment or working extended hours to increase their paychecks.

As the working Americans more likely to be financially struggling, it is more likely this group is setting shorter-term goals around saving, income, and spending, rather than longer-term goals with investments and debt reduction.

If a Financially Challenged individual were to experience an unexpected event such as a job loss, major health issue, or unplanned expense, the impact could be exponentially harder for financial recovery as compared to the other groups.

A lower WFSS may equate to:

- The inability to significantly save
- Limited financial literacy or access to professional financial advice
- The lack of a formalized budget or financial tools
- The need for more-immediate solutions based on their current situation

Financially Stable

Working Americans with a WFSS between 40 and 69

Those with a median WFSS tend to have a common goal to improve budgeting, but an unexpected event could be detrimental to their current stability.

These are working Americans who are generally managing paycheck to paycheck. While they are able to manage their current financial burdens, an unexpected event could be detrimental to their current stability. This group is focused on building savings, including pumping up their emergency fund. They are working to reduce or stop spending money (especially discretionary income) and to avoid incurring any additional debt. Better budgeting is a common goal for this cohort.

This group expects to spend the same or less across all categories as compared to last year (see Figure C for the list of categories). However, necessities such as groceries, gasoline, and utilities are likely to cost more because of inflationary pressures, so these may be expenses that the Financially Stable will be forced to spend more on. These are also larger concerns for this group as compared to those with a higher WFSS.

Although this group of working Americans may have less capability to fund the same array of financial vehicles compared to cohorts with a higher WFSS, they are likely to continue contributing to their 401k, emergency savings, HSA, investments, IRAs, and voluntary benefits.

Financially Healthy

Working Americans with a WFSS between 70 and 100

Unlike other cohorts with a lower WFSS, who may be focused on solely improving their financial well-being, this group is split between improving and maintaining theirs. Two contributing factors that may be driving these sentiments are greater financial security or possibly because they consider themselves already doing well as compared to the average working American. They feel more capable to handle a financial shock.

Having a higher WFSS also indicated a greater number of persons partaking in financial actions and in a greater number of financial resources. Indicators of these behaviors may come in one or more of the following:

- Sizeable spending and savings
- Well-funded emergency money
- Work with or have access to a professional financial advisor
- Higher contributions to 401k or other retirement vehicles
- Notable investment portfolios
- Purchased life insurance
- Greater participation in voluntary benefits

Financially Healthy working Americans expect to continue or increase their funding toward financial means that either build wealth or protect income. They are also more likely than other groups to utilize funds derived from these same assets.

This group is less likely to stop or decrease their spending for the remainder of the year. In fact, they are expecting to spend more across every category we measured (except rent/ mortgage).

When it comes to the economic environment, compared to other groups, the Financially Healthy are less likely to be concerned with rising prices, recession, impacts on retirement savings, supply shortages, the housing market, and job security. Conversely, they are more likely to be apprehensive about the strength of financial markets. It's likely to be a consequence of perceiving and owning investments as a way to improve their financial well-being.

Having a higher WFSS indicates more capability to handle a financial shock and partake in a greater number of financial actions among a greater number of financial resources.

In the Pursuit of Financial Well-Being

Whether working Americans seek to maintain or improve financial well-being, they generally plan to take multiple actions — all of which are similar. The differences between the two may relate to confidence level in financial well-being and the actions to be taken. Another distinction: The planned actions of those who desire to maintain include "staying the course," whereas those who want to improve include "reduce debt" and "pursue more financial planning."

Plans To MAINTAIN Financial Well-Being This Year

Focus on Savings Account
Increase or maintain amount saving, increase income, decrease spending

Reduce Spending
Cut unnecessary expenses (some respondents mentioned cutting daily expenses)

Stay the Course
Continue to pay expenses and debts; pick one financial area to improve on, such as investments, retirement fund, spending, saving, budgeting

Increase Income
Get an additional job, get a better job, obtain a raise or advancement, take up a side hustle to supplement income

Invest
Most did not elaborate on type of investment, though Roth IRA, 401k, precious metals, and stocks were mentioned

Quotes from Working Americans

"I plan to save money at my current rate and invest according to economic projections."

"Stick to my plan and budget; I will save (20%) and invest (20%) at the same rate and keep my spending to necessities so that I have a cushion for unknown future problems."

"I plan to try and be more strict with saving and budgeting and not wasting frivolously on objects or clothes or things I don't need."

"Continue sticking to a budget, not spending more than I have, paying credit card bills in full every month, continuing to save part of my paycheck for retirement and general savings."

Plans To IMPROVE Financial Well-Being This Year

Focus on Savings
Increase or maintain amount saving

Increase Income
Get an additional job, get a better job, obtain a raise or advancement, take up a side hustle

Reduce Debt
Pay down existing debt, reduce active debt accrual

Reduce Spending
Cut unnecessary expenses, make financially responsible choices

Invest
Did not elaborate on type of investment, though Roth IRA, 401k, precious metal, stocks and diversifying investments were mentioned.

Make Financial Plans
This action always overlapped with another financial action such as budgeting or consulting a financial professional. (As with desire to invest, a few mentioned interest in diversifying investments.)

Quotes from Working Americans

"Start saving money now that my house is paid off. Eliminate extra useless spending (coffee from shops)."

"I plan to invest in stocks that pay high dividends and security bonds. I also plan to take on another part-time job or gig to make and save more money this year."

"Not spending money on things we don't need. Buying alternative grocery products because of high prices. Not eating out or taking as many trips."

"I would like to get myself out of debt and double what I put into my 401k."

Additional Findings

As referenced in the introduction, the goal of monthly tracking was the primary motivation in conducting trend-following surveys, but it was not our only objective. Along the way, we asked additional questions, and what follows are a few of the more interesting findings.

Reasons why working Americans feel no more or less worried about unexpected expenses

One finding that is worth mentioning is why working Americans would feel no more or less worried about unexpected expenses next year. (Note this question was asked at the very beginning of 2023.) Four major reasons surfaced — and we share actual quotes from respondents to help express their attitudes:

Not expecting changes to their financial situation

"I do have emergency savings set aside, in addition to my regular savings and investments, so I am moderately prepared for unexpected emergencies. However, these savings are small and may not be enough to cover higher-than-expected expenses."

Unsure about the economic situation; gave little indication whether or not they should be concerned

"If things stay the way they are, I will be OK. I have job security. If inflation continues, I am not so sure. Groceries are getting higher but the amount is getting smaller. I will definitely worry some then. Jobs don't count for inflation. Everything around you goes up but your paycheck."

Feel that savings may be sufficient for a small or infrequent unexpected expense, but are not able to grow savings

"My financial situation should be better, but with rising prices that could offset any gain I may make."

Have a sense of job security or financial stability

"I am worried about the economy, but hopefully I can advance in my career to be even more financially stable."

Enrollment Planning Opportunities

During the 2022 enrollment season, we asked working Americans about their knowledge and experience pre-, during, and post-enrollment. The findings that follow are separated based on those three stages. With the next season fast approaching, these insights can be used to help improve the employee experience.

Pre-Enrollment

Working Americans need a reminder or nudge to start thinking about open enrollment.

Many people do not actively think about open enrollment unless or until given a reason.

For many, the rationale revolves around waiting until they are closer to the open enrollment period and the decision-making timeframe. One valuable aspect in this scenario is the increasing accessibility to share information as the deadline approaches.

Workers need “triggers” (awareness campaigns) as open enrollment approaches that mention important dates, help them recognize the value of the benefits, and explain how voluntary benefits are an essential component of financial well-being.

One reason employees may become less engaged is when they don’t require changes from previous selections (e.g., options don’t change or they allow benefits selection to roll over year after year).

Employees already thinking about open enrollment have a general desire to be prepared with their financial planning or intend to make changes to their selections.

As working Americans think about their finances, some want to ensure the expenses associated with their voluntary benefits are the right value and best fit for their needs (especially those who make changes as they near retirement).

The reasons for making a change vary and may include reducing expenses, saving more, intending to change jobs, making coverage option changes, responding to an emerging medical issue, or experiencing a change in the family, such as a newborn.

For some, even the inflation seen in 2022 began to impact voluntary benefit decisions (and their affordability).

Many people do not actively think about open enrollment unless or until given a reason.

"I don't generally think about enrolling in benefits or plans until I get a notification from my company, as the plans are typically very similar to previous years."

"The benefits are practically the same year to year; I just review what I already have and make sure there are no new caveats."

"I only look over this close to time because sometimes things change and I would rather wait until it is complete information."

"It gets too overwhelming to think about open enrollment until I get to that point where I have to make my selections."

"I am thinking about how to cut costs for the next enrollment period, which may include dropping any extras that are not mandatory (for example, vision insurance)."

"I am always planning ahead of the enrollment period so that I do not make the decision under the extra stress created by a time constraint."

Beyond reminders, there are opportunities to empower working Americans to make more-informed benefits decisions by providing:

Clear and Detailed Information
Many employees are looking for more information, including benefit or price changes, financial impact of changes, and easier ways to compare plans and value.

Opportunities for a Consultative Approach
Some employees mentioned that talking with somebody would make them more confident in their selections.

Offer an Extended Open Enrollment Period or Provide Useful Information Earlier
A few employees mentioned that having more time to make their selections or do additional research would help them feel more prepared in making their choices.

Quotes from Working Americans

"A better understanding of how changes will affect me financially and how to save more money."

"I will feel the most prepared if somebody explains to me our employee benefits. We don't get an explanation; we're just expected to pick one without fully knowing what they are."

"If there is a new benefit, it would give me time to make sure it is equitable as well as affordable."

Those working Americans who already feel prepared for open enrollment mention the following reasons pertaining to clear and concise information:

Sufficient Information Sharing
Employers provide information in the form of workshops, meetings, information packets, and online content.

Intention to Roll Over Selections
No changes are required or no preparation is needed to continue with current benefits.

A Good Understanding of Offered Benefits
A few employees mentioned this came through an existing familiarity with selections, previous experience, or doing their own research.

Quotes from Working Americans

"My employer has great presentations for new employees or those hoping to change their benefits during open enrollment, explaining what needs to be known to make informed decisions."

"Unless providers change, I plan on just keeping my current selection."

"I do my own research and talk to co-workers and providers."

During Enrollment

During open enrollment, working Americans are thinking about how to balance needs and affordability.

Actively Looking for the Best Fit
They seek more value from benefits or want to decrease out-of-pocket expenses.

Adding or Adjusting Selections
They want to eliminate unused benefits, adjust retirement contributions, or add more benefits to better suit their needs.

Wanting To Be Prepared or Planning for the Future
Many working Americans are seeking to be proactive vs. reactive in terms of making selections earlier than the enrollment deadline and seeking opportunities to improve future financial well-being for those nearing retirement.

Making Decisions Due to Financial Constraints
Some are struggling to obtain desired benefits as a result of inflationary pressures, the increased cost of living, and the general need to be saving more money.

Employee feedback and concerns during open enrollment

Thinking They Had Time
They feel enrollment is not close enough to be actively thinking about benefits selection.

Lacking Sufficient Information
They do not feel they have enough information necessary to make the best decisions and are waiting for more information to be released.

Taking Little Notice of Pre-Enrollment Communications
They ignore most messages about open enrollment because they are not expecting any significant changes to their plans or their selections. Others are just too busy to notice or think about benefits any sooner than open enrollment.

Post-Enrollment

In January 2023, when asked if the voluntary benefits available through their employers met their needs this past enrollment season, 64% of respondents somewhat to completely agreed they did (Figure E).

Positive Sentiments (Figure F)
Satisfied with benefits selection; sufficient variety of options; benefits were affordable; and confident with the selections made

Choices and process were easy to understand; sufficient available resources to find answers to questions

Process was simple or easy to use; easy-to-follow instructions; and direct guidance was received when needed

Negative Sentiments
Dissatisfied with value of benefits as a result of high cost, lower quality, or poor coverage

Figure E: "Voluntary benefit options available through my employer meet my needs."

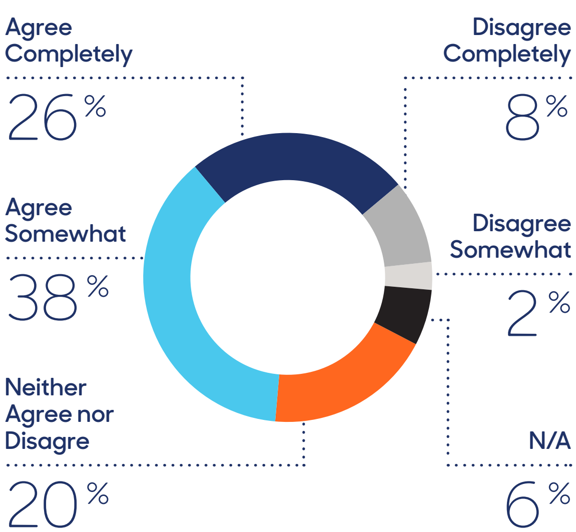
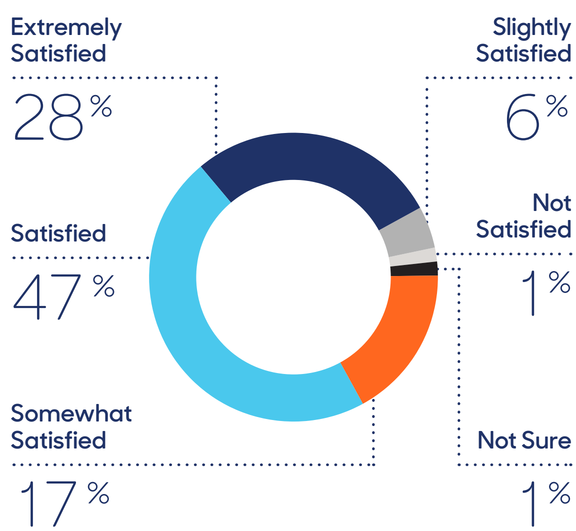


Figure F: Satisfaction With Open Enrollment Process



Opportunities to improve the enrollment process tend to be about access to information and ability to ask questions. Specific suggestions for improvement include:

Make Process Easy to Understand
Most employees were satisfied with their enrollment experience, but those who were not cited feeling confused or unsure about their selections and frequently indicated they would prefer having some form of professional guidance added to the employee benefits.

Areas of concern included lack of clarity or transparency and a need for a better understanding of the financial implications of their selections.

Provide More Information
Many felt the facts provided were not enough to feel confident in choices, and it was too difficult to conduct research on their own.

Provide Customer Service Options for Asking Questions
Many employees preferred to connect with a human rather than automated solution, such as an informed benefits representative to answer questions or dedicated meetings for questions.

Employee feedback and reflection post-enrollment

"I would love meetings where staff members could ask more questions, especially if they didn't find the answers in the enrollment packet."

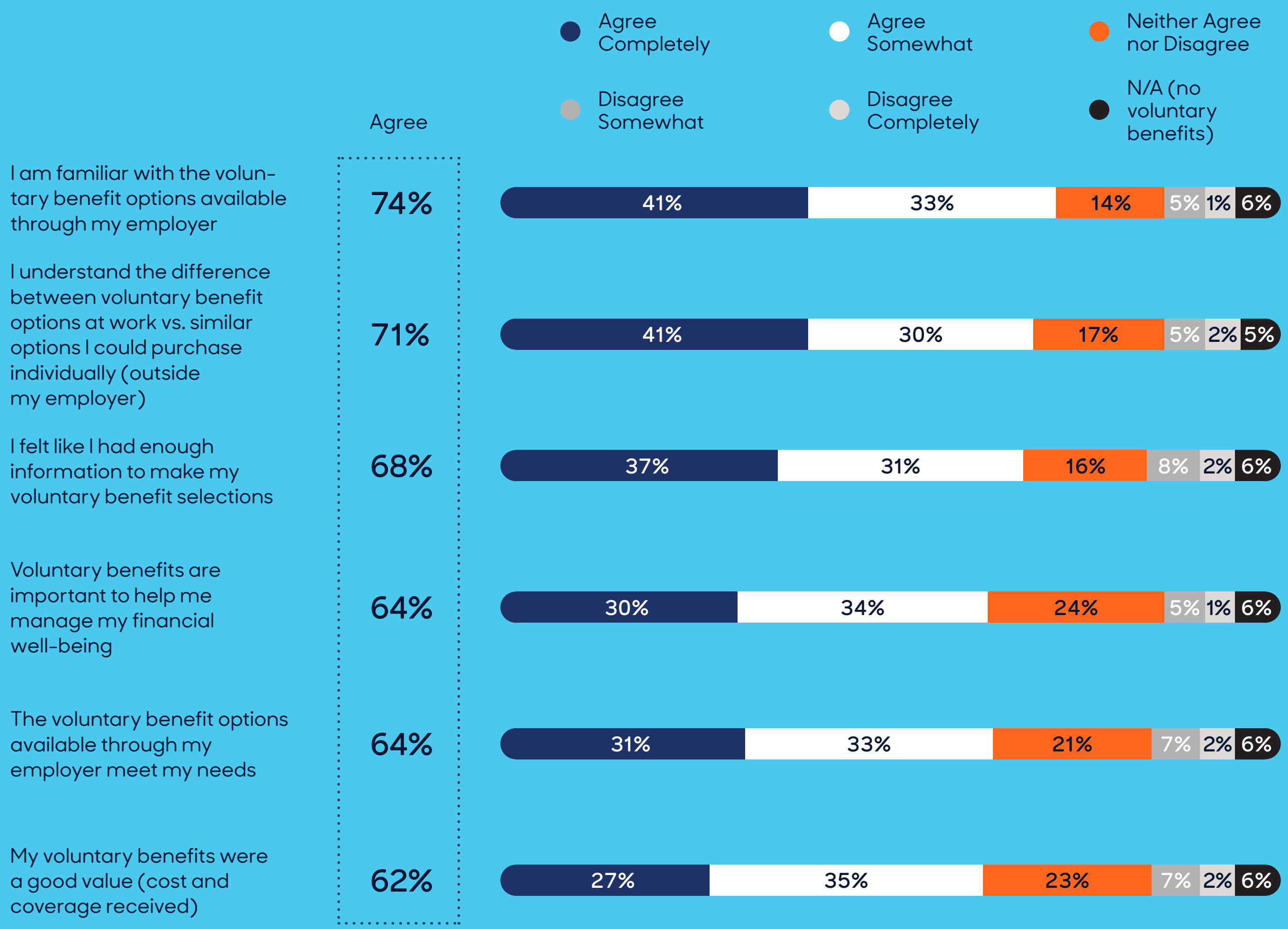
"Offer more interactive calculators so you can see how making changes could impact your current finances."

"Having a better understanding of what is needed when compared to the cost; I need as much income as possible from my check, but want to be covered."

"I find it hard to research all the options. Our site doesn't show everything."

There is room to provide information and explain the value to help working Americans manage their needs.

Figure G: Thoughts About Voluntary Benefits



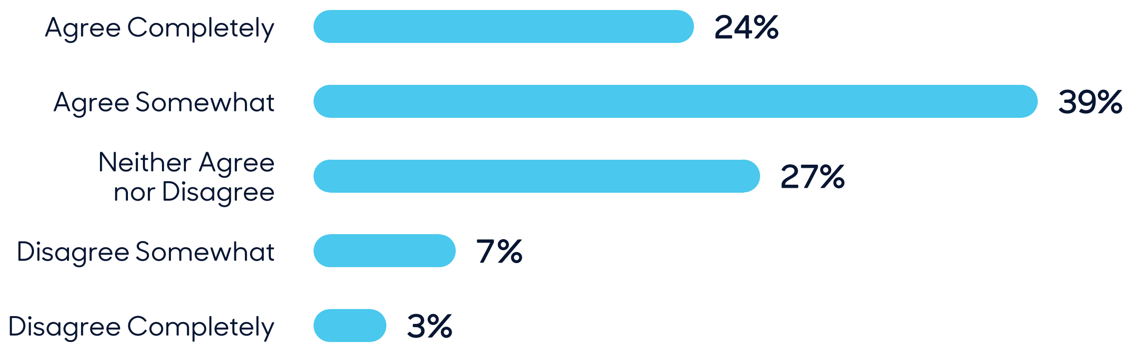
Increasing Audience Reach Does Not Necessarily Mean More Content

It's about having the right message that drives value — not just about the product benefit, but the benefit to one's financial well-being.

Explaining the Unique Value Proposition of the Benefits Options

Any way to clarify options in an easy-to-understand manner is also helpful. This includes information about each voluntary benefit product and feature as well as demonstrated value, benefits, and connections to overall financial well-being.

Figure H: "Agreement that Voluntary Benefits are essential to my overall financial well-being"



More-Recent Observations: As of May 2023, additional insights have been captured from ancillary questions beyond the six dimensions of the WFSS.

63% of working Americans see voluntary benefits as an essential part of financial well-being (Figure H).

There Is an Opportunity to Communicate the Value

An important message is helping employees recognize the connection between access to voluntary benefits only available for purchase at their place of employment with their personal financial well-being. The table on the next page provides more insights into why respondents answered the way they did.

“Voluntary benefits are essential to my overall financial well-being.”

Agree

Anything is helpful
Something better than nothing, accept if provided to them, financial assistance essential to well-being
Note: Considered overall voluntary benefits rather than identifying specific benefits

Provided financial security
Life insurance and disability insurance provide security, peace of mind, protection

Important to have
Part of employment package, looked for when choosing employer

Not necessary, but helpful when offered
Not essential, viewed as a bonus, would accept employment opportunity even if not offered voluntary benefits

Lower cost
Less expense through employer versus sourcing themselves, only way to afford these benefits because too expensive otherwise

Neither Agree nor Disagree

Not essential for financial well-being
Emphasis on voluntary, helpful but not required, other factors more essential to financial well-being like income, access to similar benefits outside of work, prefer individual resources

Lack of information
Dependent on benefits offered, their financial situation, and cost to determine value; don’t understand benefits or impact on financial well-being

Don’t use
No opinion because don’t use them, don’t want to pay for benefit, want benefit outside of employer, not actively thinking about them

Disagree

Not essential for financial well-being
Don’t find useful, too expensive, don’t need, prefer separate from employer, value not worth the cost

Not interested
Not useful, already have benefits, primarily thinking about income rather than benefits from employer

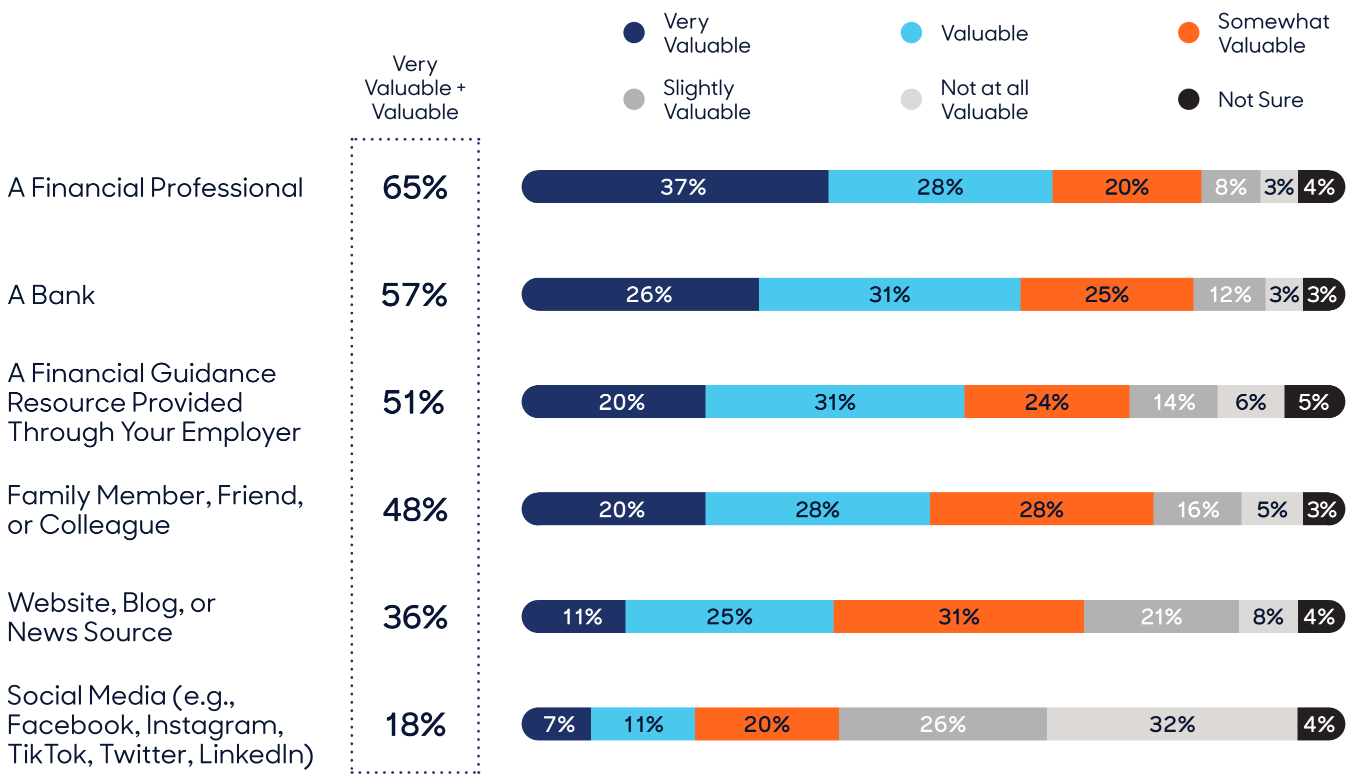
Cost
Can’t afford or don’t wish to spend money on

There is a disconnect between the value of financial guidance at work compared to the guidance received from a family member, friend, or colleague.

Despite perceptions of comparable value as a financial guidance resource, 51% of respondents considered the financial guidance available through their employer as valuable or very valuable according to a survey conducted in April 2023 (Figure I).

Figure I: Value of Resources for Information About Finances

(e.g., budgeting, saving, investments, life insurance, retirement planning)



One reason less financial guidance is sought in the workplace may be in terms of ease of access to resources. It's easier to reach out to a close relationship versus navigating any available resources at work.

Employees may be less aware of the guidance available through their employer, and there may be insufficient communications reminding them of the resources available.

To that end, the financial guidance at work may be perceived as a resource during open enrollment only and forgotten about at other times of the year.

How working Americans perceive the financial guidance resources provided by their employer:

Very Valuable to Valuable

- Possibly limited financial literacy and value any advice available
- Access to financial tools they can use
- Tailored information that is personalized to their situation
- Trusted resource from employer

Somewhat to Slightly Valuable

- Find information very basic and not enough depth
- Some information is better than no information at all
- Some skepticism of resources from employer

Not at All Valuable

- No financial advice offered by employer
- Do not trust information provided by workplace
- Resources not viewed as helpful or applicable to their personal life

People are generally confident about job security.

Job security may provide individuals with a sense of financial stability, and when asked in May 2023, 79% of working Americans were feeling confident to very confident that their jobs will be there for them tomorrow.

Some of the primary drivers were:

- Consider themselves essential personnel
- Either in a high-demand profession or a low-turnover industry
- Strong work performance
- General feeling with no specific reason
- Evidence of security either by contractual need, unionized, or a direct assurance from management
- Longevity at the firm

Meanwhile, 12% of working Americans were neither confident nor worried, and 8% were either worried or very worried.

Some reasons for rising concerns toward job security included:

- Lack of revenue, high turnover, or cost-cutting measures
- External factors (such as the state of the economy)
- Witnessing layoffs within an organization or in the industry
- Changes in business environment (new management, job relocation, downsizing)

When asked what would increase feelings of job security, there were several common responses (Figure J):

- An increase in incentives (varied with confidence, but primarily a raise, promotion, bigger bonuses, and increased benefits were often cited)
- Direct assurances such as a contract or a reaffirmation from management
- Resolution of external factors such as the economy, inflation, potential recession, and political factors (which were less of an issue for those feeling very confident)
- More-confident individuals mentioned additional factors such as the ability to improve their skillset and improved business (influencing the need for more work)

When asked what would decrease feelings of job security, the following common responses were recorded:

- Decrease in business activity and sales
- Worsening external factors that are influenced by the economy, politics, inflation, or another pandemic
- Hearing about or witnessing an increase in layoffs
- Changing the ways a company does business, which includes downsizing, budget cuts, salary freezes or reduced hours, outsourcing, reorganization

Only about half of working Americans have an emergency fund that can cover a $1,000 unexpected expense.

While an emergency fund was the first source to cover a $1,000 unexpected expense, our findings lead us to believe that employees' backup savings are underfunded as they sought alternative or additional financial resources to cover an unanticipated outlay (Figure K). This was less the case for those who are Financially Healthy and far more the case for those who are Financially Challenged.

Almost 9 in 10 working Americans with less than $50k in their emergency fund would like to have more in their fund (average of about $15k more).

Almost 8 in 10 working Americans would like to have more in their fund (average to cover about six more months).

From a classification standpoint:

- Those who are Financially Healthy agreed or completely agreed they had enough saved in an emergency fund.
- The majority of all three cohorts agreed or completely agreed that an emergency fund provides a sense of security and considered it part of financial well-being.

When thinking about an emergency fund, often the type of expenses and situations may vary among several categories (Figure L).

The responses seen in Figure L may be an opportunity to help people connect the access and value of voluntary benefits at work as an additional financial resource for security and to supplement their existing emergency fund.

Figure J: Feelings on Current Job Security

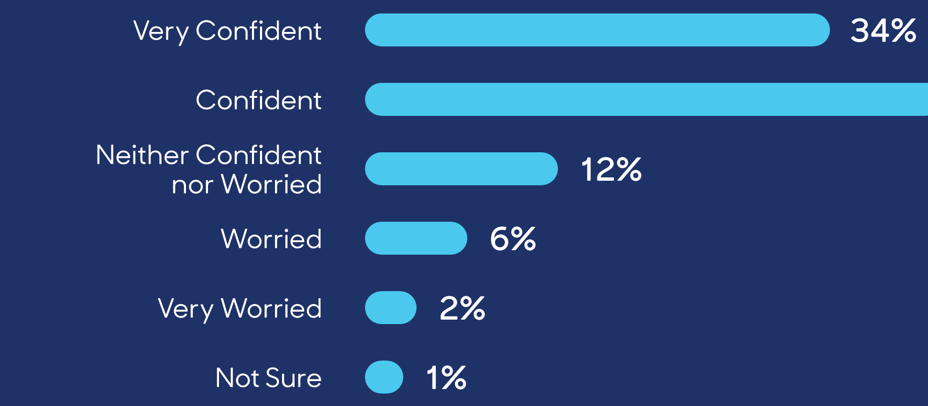


Figure K: How to Pay for a $1,000 Unexpected Expense

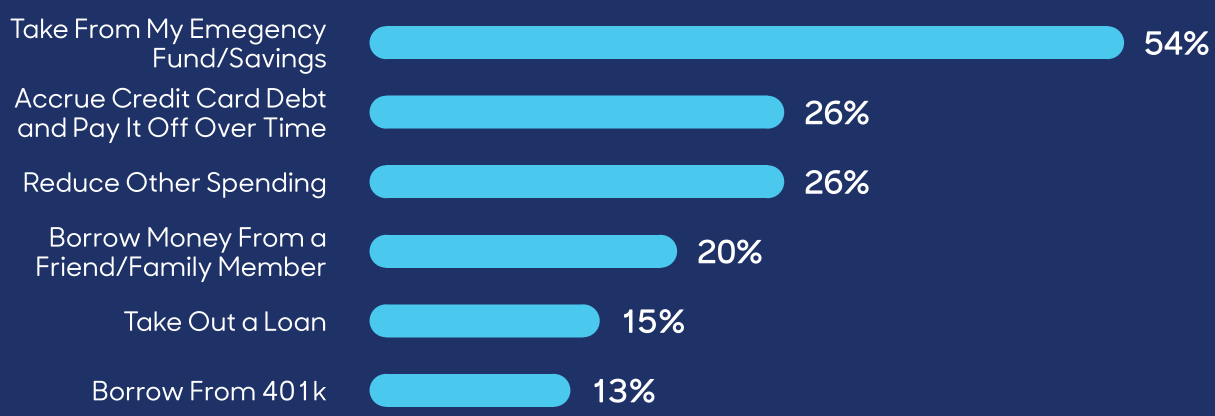


Figure L: Expenses to Think About When Building an Emergency Fund

Q: When you think about building an emergency fund, which of these expenses are you generally thinking about?

Conclusion

This analysis provides valuable insights into the financial well-being of working Americans and emphasizes the significance as well as the role voluntary benefits may play in improving their perceptions around financial stability.

These findings help to validate many of the concerns that employees have in terms of the following six dimensions:

1. Ability to manage expenses between paychecks
2. Ability to withstand unexpected expenses
3. Ability to help others financially
4. Overall net worth
5. Confidence to meet longer-term goals
6. Likelihood to reach personal retirement goals

Monitoring these trends on a monthly basis allows for a more comprehensive understanding of the evolving landscape and opportunities to transform workplace benefits for working Americans. When we look at the employee population beyond demographics, feelings of being Financially Challenged to Financially Stable to Financially Healthy greatly vary — but we believe these perceptions can be changed with the right communications and actionable steps that help to build confidence in their financial well-being.

Internal factors such as budgeting, savings and investing, debt management, financial education, career development, and lifestyle choices are all opportunities that can help financial well-being. However, there are external factors that can drive concerns and financial stress, including economic conditions, government policies and regulations, environmental issues, market volatility, health emergencies, technological advancements, and life events, which can all affect someone's views and confidence in both the short term and the long term.

While internal and external factors may have an impact on personal finances, employees can still take steps to mitigate those effects. Providing information and access to benefits at work can help working Americans feel more confident about their financial future. This knowledge helps to reaffirm the importance of voluntary benefits as an important financial resource.

As reported in our analysis, there are several contributing factors that influence one's assessment of their financial security.

Taking steps to improve perceptions of financial security can help foster a workplace that is more engaged, motivated, and productive.

Effectively positioning a benefits package during enrollment is essential. By highlighting how the offered benefits align with an employee's financial well-being, companies can ensure their workforce understands the value and relevance of the benefits offered. Communications need to clearly state how voluntary benefits help to address a worker's financial challenges, protect those who count on them, improve overall perceptions of well-being, encourage them to make better decisions, and help them feel more positive about their choices.

Benefits producers have a unique opportunity to advocate for voluntary benefits and empower organizations to bolster employee financial confidence and security.

Employers who offer voluntary benefits can effectively provide employees access to quality products that may be more affordable at the workplace, to help manage the financial challenges so many working Americans face.

Ultimately, this trend-following analysis underscores an important reality: Regardless of whether individuals are Financially Challenged or are already Financially Healthy, addressing their financial well-being is crucial. By taking steps to improve perceptions of financial security, benefits producers and companies can help foster a workplace that is more engaged, motivated, and productive.

One Final Note

This analysis is not static. It will transform as we continue to survey the changing perceptions of financial well-being in the eyes of working Americans. To maintain a pulse on the ever-evolving trends, we recommend visiting our website to access the most up-to-date WFSS and sign up to our Worksite community so you may receive notifications when the WFSS is revised, when we post a new blog, or when we have new material or information pertaining to voluntary benefits.

Insurance products issued by Massachusetts Mutual Life Insurance Company (MassMutual), Springfield, MA 01111-0001.

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