

SHIFTING PRIORITIES

Understanding and meeting the
needs of the modern employee
with the right benefits



Always Designing
for People®

TABLE OF CONTENTS



EXECUTIVE SUMMARY	3
FINANCIAL WELLNESS REALITY CHECK	4
THE FRONT RUNNERS	5
HONORABLE MENTIONS	7
THE FUTURE OF EMPLOYEE BENEFITS	9
RESEARCH METHODOLOGY	10

EXECUTIVE SUMMARY

There is a noticeable shift taking place within the workforce, and it is marked by employees' changing needs, circumstances and preferences. As the cost of living and the cost of medical care continue to rise, employees want to feel valued and taken care of by their employers more than ever. They want customizable benefits that work for them and their family instead of generic plans that do not meet their needs.

The 2023 ADP employee benefits survey, which included 53,000 participants, provides insight into the evolving needs and desires of employees in today's workplace. See 'research methodology' for details on the survey.



Why offering the “right” benefits matters

The phrase “employee experience” is a familiar one for business owners and HR professionals alike. It has become popular in recent years — and for good reason — as leaders evaluate their retention and attrition levels.

Employee experience is what employees see, hear, think and feel about their company from the moment they are hired to when they retire or transition to another role. It makes sense that creating a positive work experience can lead to employees staying around longer. And having a positive employee experience effects more than just retention.

Part of understanding how to create a great employee experience is understanding what is important to employees. This was the exact purpose of the 2023 ADP Employee Benefits Survey, which collected data from over 53,000 employees at small and midsize businesses in the United States that are part of ADP's Professional Employer Organization (PEO), [ADP TotalSource®](#).

After all, when employees feel their needs are being met, it benefits everyone. Employees who feel cared for by their employer are 92 percent more likely to feel engaged at work, 65 percent more likely to be loyal and 56 percent more likely to be productive at work.¹ This means understanding how you can make your employees feel cared for at work — finding out their needs and wants — is crucial for employee experience and for your company's success.

Consider this data a glimpse into the needs and wants of today's employee. Use it to inform your decision-making regarding what benefits to offer and which ones to pass up. The goal of offering benefits to employees is to give them something they can truly benefit from.

FINANCIAL WELLNESS REALITY CHECK

Employee preparedness

Overall, employees are feeling less worried and more prepared for unexpected health and financial issues. In fact, over half of the employees surveyed would prefer less money taken out of their paychecks for insurance costs even if it means paying more out of pocket at the time of care. Yet employees have mixed feelings regarding their confidence about covering out-of-pocket and unexpected medical costs when and if they arise.

When it comes to the funds employees have available to cover out-of-pocket expenses, many are not as prepared as they might think. Forty-four percent of employees have less than \$1,000 set aside to cover unexpected or out-of-pocket expenses. And the number of employees that have less than \$500 set aside for unexpected expenses has increased from prior years.

The data shows a fascinating yet concerning gap between employee feelings about handling unexpected and out-of-pocket medical expenses and their actual ability to do so.

Suggestions to consider

With this gap between confidence and actual preparedness as the backdrop, leaders may consider ways they can help employees truly prepare for unexpected or out-of-pocket medical expenses. Considering benefits like health savings accounts (HSA), flexible spending accounts (FSA), or [lifestyle spending accounts](#) (LSA) that allow employees to contribute at their own pace and use those funds later for unexpected costs is an excellent way to help close the gap. Education is also a significant part of setting employees up for success with medical expenses. Making sure employees have access to easy-to-understand benefits plan information is the first step in making sure employees choose a plan that helps them be the most prepared.

Providing employees with the tools and resources they need for success is more than just giving them multiple plan options. Investing in your employees' long-term physical, mental and financial wellness will pay dividends by helping ensure employees feel valued as well as supporting them through difficult times. In addition to the survey data, leaders may consider taking the time to get to know their workforce through surveys and questions about what they want and need when it comes to benefits package offerings. Educating employees on benefit options and offering the benefit options that best fit your employee population are the first steps in setting your employees up for financial and physical wellness.



Over half of the employees surveyed would prefer less money taken out of their paychecks for **insurance costs**.



Forty-four percent of employees have **less than \$1,000** set aside to cover unexpected or out-of-pocket expenses. And the number of employees that have **less than \$500** set aside for unexpected expenses has increased from prior years.

THE FRONT RUNNERS

Medical insurance

Medical insurance continues to be the most important benefit to employees. Eighty-two percent of employees rank medical insurance as their topmost important benefit and 93 percent of employees rank medical insurance in their top three most important benefits.

Suggestions to consider

The breakdown of these numbers could not be clearer: Employees still very much want and need medical insurance options offered by their employers. Offering it is a terrific way to show your employees you value them.

Choosing the right plan

Choosing the health plan that is right for them continues to be important to employees. Eighty-six percent agree that it is important to them that they pick the right plan. How they pick the right plan is also important to employees.

Online resources play a key role in benefits information seeking, with increased reliance on mobile app information. More than two thirds of employees prefer using the website as a primary resource for benefits information. Notably, the number of employees stating the mobile app is a primary benefits information resource has increased from year to year. While the number of users seeking benefits information via benefits wizards, enrollment meetings with a representative and personalized enrollment videos shared via email has declined, these methods continue to be preferred by a significant portion of employees.

Suggestions to consider

While every company may have employees who prefer enrollment videos, wizards or meetings, the data shows demand for benefits information on web and mobile platforms is highest. Employees are looking for easy, on-demand access to benefits information that they can consume on their own time. Employers should consider offering and promoting mobile, web enrollment and online guides employees can visit for benefits information and resources. Employers may consider providing an alternative way for employees to access benefits information, such as an enrollment video or information packet for those who do not consider themselves "tech savvy."



In fact, **78%** of employees feel valued by their employer because they provide medical insurance.



Priorities in choosing coverage

Choosing the right plan is important to employees, but priorities within the desired plans are shifting. The top three important features within a plan are how much is paid from each pay check, how much is paid when going to the doctor, and how much is paid before insurance starts paying for care. Additionally, over half prefer to have less money deducted from their paycheck but pay more when care is needed. Yet, having preferred doctors and hospitals in their network has risen significantly in priority from previous years.



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Suggestions to consider

More than ever, employees want plans that meet their personal needs and preferences, and they want affordable coverage that leaves them with more money in their paychecks, even if that means care costs more out-of-pocket. Leaders may want to consider networks that include the leading providers in their area when selecting plans as well as offering lower premium and higher deductible plans where employees have less deducted from their paycheck each pay period.



THE HONORABLE MENTIONS

Retirement on the brain

There have been some notable changes in what employees consider important after medical benefits. 401(k) retirement savings plans are surging in importance for employees, with 60 percent of employees ranking them in their top three most important benefits. This nine percent jump from the prior year is the largest year over year (YOY) jump across all benefits rankings in the survey. And, notably, retirement savings plans are now ranking higher than vision plans for employees.

Suggestions to consider

This surge highlights how much employees are thinking about retirement and their financial future. Offering retirement benefits is a great way to help employees think long-term and prepare for lives beyond their jobs, and it also shows employees you care about them as a whole person and are invested in their financial well-being beyond their projected time at your company.

Mental health coverage

The number of employees ranking mental health coverage and/or Employee Assistance Programs (EAP) in their top three most important benefits has also risen notably. The societal trend of prioritizing mental health translates into what employees are looking for in their health coverage. More employees are vocalizing their need for mental health coverage as a benefit plan offered by their employers.

Suggestions to consider

Offering an EAP free of charge to your employees is an excellent way to showing employees that you care about their mental health and overall well-being.

Ensuring that the health benefits plan offers comprehensive mental health coverage is also crucial.



60% of employees rank retirement savings plans in their top three most important benefits.



Employees are thinking about retirement and their financial future.



The number of employees ranking mental health coverage and/or EAP in their top three most important benefits has risen notably.

Dental insurance and vision programs

Suggestions to consider

Offering dental insurance and vision programs may not feel as impactful as offering mental health coverage or 401(k) benefits, however, they are still important as indicated by the number of employees ranking them in the top-three benefits. Employers may consider providing both dental and vision coverage options within their benefits package so that employees feel that their needs are being met.



Dental insurance is ranked a top-three most important benefit by **63%** of employees.



And a **vision program** is ranked as a top-three most important benefit by **31%** of employees.



THE FUTURE OF EMPLOYEE BENEFITS

As the workforce continues to change and evolve, so will the needs and desires of the people that make it up. Just because a benefit has been popular in the past does not mean it will continue to be popular in the future. Asking employees is the best way to find out what they really want and need, it is important to connect regularly with your employees so you can offer the highest value benefits to employees. The benefits employees are offered have a significant impact on how they feel about their company, and in turn, how they feel about their jobs. Remember that when you are choosing benefits plan options, it is more than just making sure you offer variety. Offering the right benefits is a crucial part of the employee experience, and will in turn improve hiring, retention, engagement, productivity and the bottom line.

Enrich your benefits with ADP TotalSource



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RESEARCH METHODOLOGY

This report reflects the results of the 2023 ADP Employee Benefits Survey, an online survey that ran from August to October 2023 and was completed by 53,083 employees at small and midsize businesses in the United States that are part of ADP's PEO, ADP TotalSource. No subgroup weighting has been applied; results are representative of respondents.

1 MetLife, MetLife's 2023 annual U.S. Employee Benefit Trends Study 2023

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