

The new most-wanted benefits

Health insurance and retirement plans are still must-haves but flexibility is key too.

by Fidelity Viewpoints – 10/18/2023



Key takeaways

- ✓ Workplace benefits have evolved beyond health insurance and retirement savings plans. Employees largely expect these types of benefits as a minimum.
- ✓ Employees are looking for better benefits, care for their well-being, and more flexibility, according to the 2021 Employee and Employer Value of Benefits Research conducted by Fidelity Investments.¹
- ✓ The most highly valued benefits according to employees and jobseekers are those that offer flexibility: remote work, paid time off, and compressed work weeks.
- ✓ Whether it's your first day on the job or your fifteenth year in your role, it is always a good idea to review your benefits and make sure they're working for you.

2020 may have started a national reckoning around work-life balance. After extended periods of uncertainty, isolation, and grief, people began to question how work fits in to a life well-lived. As a result, many have decided to prioritize their well-being in the post-COVID world.

A recent survey of workplace plan participants from Fidelity² found that:

- 77% say they are not as willing to tolerate toxic work situations.
- 72% say they have a new view on the balance between work and their personal life.
- 60% say they are now more focused on their mental health.

Despite fears of a potential recession, employees are still in the driver's seat with the number of job openings exceeding applicants in many industries. That means it may be a good time to think about the benefits you need and the kinds of employers that offer them.

But you don't always need to leave your current employer to find the benefits you're looking for. If you don't know which benefits your employer offers, consider taking a look to see what's on the table. While many people would like more money, naturally, they also want care for their well-being, more flexibility, and better benefits, Fidelity's research has found.²

When benefits match what people need, everyone wins

Interviewing for jobs at 6½ months pregnant was not part of Kristin O'Connell's plan but the timing made sense from a career standpoint. "In the back of my mind, I was like, what am I doing? This could be terrible," she says. Benefits were very much a consideration in her job hunt.

So when she landed a position as director of sales at Once Upon a Farm, an organic baby food and kid snacking startup, the outcome was a huge relief. They said, "Kristin, you just go and have your baby. We will pay you and we will take care of this. Don't stress out; just enjoy the time with your baby," O'Connell recounts. "Their attitude was, we want to nurture your growing family and you shouldn't feel guilty about it; go and enjoy your time. They know that happy people are productive people and supported people are productive people."

It was such a great, and unexpected, experience that she wrote a post about it on social media that quickly went viral. "It made me want to just share with people from other companies and say, hey maybe take a look at how you're offering benefits. Even if you have a generous benefits offering already, here is how you could do it even better."

The power of workplace benefits: Kristin O'Connell's LinkedIn post

Once Upon a Farm hired me at 6½ months pregnant, paid my full salary for 4 months while I went out on maternity leave 2½ months later, let me contribute to my 401(k) while on leave, and didn't prorate the 4 months I was on leave out of my bonus. Upon hiring, I was offered and switched to their fully paid health care plan so that delivering my baby cost less than the checkups leading up to the birth on my prior plan. Now that I'm back at work, Once Upon a Farm offered to expense Milk Stork so I can continue to feed my baby breastmilk while traveling for work.

Once Upon a Farm provides all of this with the sentiment of, "Of course we'd do these things," as if it's the least they could do, even though they could in fact do a lot less.

Once Upon a Farm knows that it's worth it to hire the right person and that their investment in me will be paid back to the business multifold with the work that I do. A supported mother is a productive one.

Any companies looking for an example of how to support your working moms take note. An early Happy Mother's Day to all the working moms out there!

What benefits do people want?

COVID launched the majority of office workers straight into full-time remote work. As it turned out, many people liked it and that is reflected in Fidelity’s survey of people who already have access to benefits through an employer.²

These days, people want benefits that add flexibility into their lives or paid leave, the survey found. In many cases, added flexibility helps reduce stress and gives people time to focus on what matters most to them. With no commute and more time to themselves, some studies suggest that remote work allows people to get healthy levels of exercise³ and another study has found that remote work can increase employee happiness by 20%.⁴

Top benefits for taking a job	Top benefits for staying at a job
1.Remote Work	1.Remote Work
2.Compressed 4-day work week	2.Paid vacation (10+ business days)
3.Paid vacation (10+ business days)	3.Flextime at work
4.Flextime at work	4.Compressed 4-day work week
5.Professional development	5.Professional development

In order of preference. Source: The 2021 Employee and Employer Value of Benefits Research conducted by Fidelity Investments. See footnote 1 for more details.

Top benefits for feeling financially secure
1.Retirement plan
2.Employer match
3.Guaranteed income product (annuity)
4.Only financial decision support
5.Employee stock option plan

In order of preference. Source: The 2021 Employee and Employer Value of Benefits Research conducted by Fidelity Investments. See footnote 1 for more details.

When it comes to financial wellness, access to workplace retirement savings plans was the most valuable benefit, followed closely by a matching employer contribution to those savings plans.

Typically when you think of workplace benefits, health insurance and a workplace savings plan are on the top of the list. Interestingly, health benefits didn’t rise to the top of the types of benefits employees value most in Fidelity’s study.¹ That may be, in part, because they are widely expected.

When asked which benefits most contribute to their health care, employees were most likely to say insurance plans including health/medical, vision, or dental insurance.

Looking for better benefits

In the strong job market of 2021, workers voted with their feet and walked away from jobs in such numbers that it was termed the Great Resignation. Brittany Mendez was one of those people who left a job last year in search of better benefits.

After working as a bartender for 7 years, Mendez felt stuck in a rut. The company she worked for did offer benefits for full-time employees—but not at her location. “On top of that, it just wasn’t a good environment anymore,” she says.

So she left. She wanted to find a job that offered a 401(k), holiday time off, and the option for hybrid or remote work.

“I found all of that and more. My job now also offers benefits like unlimited paid time off, food delivery credits, holiday bonuses, and, of course, the usual life insurance and medical benefits,” Mendez says, now CMO of FloridaPanhandle.com. “The extra ‘cherry on top’ benefits like paid time off and holiday bonuses remind me of how grateful I am. I’m able to focus more on taking care of myself and my family, and less about stressing over work.”

What’s next for benefits?

How the labor market shakes out through the rest of 2022 and into the future remains to be seen but the lesson may remain. The collective societal shift in what employees are willing to accept for their jobs and their futures could be here to stay for a while.

That’s not a bad thing for employers. But there’s often a disconnect between what employers find valuable and what employees want. The employers in Fidelity’s research ranked a workplace retirement savings plan and health plan as their most valuable benefits while employees said that benefits that give them more time and flexibility were most prized.¹ In the competition for attracting talent, employers can use benefits as a way to telegraph a signal about company culture, values, and professional growth.

“We want our (employees) to feel truly cared for and valued, and we use our benefits to show them,” says Sara Bandurian, operations supervisor at Online Optimism, a digital marketing and design agency.

To that end, Online Optimism offers to pay for flight and hotel expenses associated with traveling out of state to their Washington DC office for medical procedures that cannot be performed in state. They also offer remote work, flexible start times, unlimited sick days for mental and physical health, paternity and adoptive parent leave, and summer Fridays off—in addition to traditional benefits like health insurance, maternity leave, and a workplace retirement savings plan.

Workplace benefits have the power to change lives—and that can help an employer’s bottom line too. Employees who are healthy and well physically, emotionally, and financially can show up at work as their best selves.

Brittany Mendez says she was surprised by how much the benefits offered by her employer mean to her. “I didn’t know the impact that it would have on my personal life. Leaving an environment that was a bad fit and going to a completely new one that cared about its employees surprised me in the best way.”

1. Fidelity's Employee Value of Benefits survey was an online survey of 13,000 plan participants from across the US conducted in November 2021.

2. Internal Fidelity survey of 2,334 plan participants fielded Nov. 5-11, 2021.

3. Sandip Chakrabarti, "Does telecommuting promote sustainable travel and physical activity?" June 2018, Journal of Transport and Health, <https://www.sciencedirect.com/science/article/abs/pii/S2214140517309258>

4. "Remote work is linked to happiness: Study of 12,455 respondents," June 20, 2022, Trackinghappiness.com, <https://www.trackinghappiness.com/remote-work-leads-to-happiness-study/>

The views expressed are as of the date indicated and may change based on market or other conditions. Unless otherwise noted, the opinions provided are those of the speaker or author, as applicable, and not necessarily those of Fidelity Investments. The individuals are not employed by Fidelity but may receive compensation from Fidelity for their services.

Once Upon a Farm, FloridaPanhandle.com, and Online Optimism are not affiliated with Fidelity Brokerage Services, member NYSE, SIPC or its affiliates.

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.