



Financial wellness at work

How workforce benefits help employees prepare for the unexpected



When asked what they feel causes them the most stress, more employees cite financial matters than all other life stressors combined.¹

Financial wellness is a leading cause of stress for many of today's workers. In fact, a recent survey found that 57% of employees attributed the majority of their stress to financial matters. One third of employees reported personal finance issues have negatively affected their productivity at work—and of those respondents, 56% spent three or more hours at work thinking about or dealing with their personal finances each week.²

One frequent driver of financial stress is health care costs. In today's high-deductible health plan marketplace, employees are expected to pay a growing share of out-of-pocket expenses. This can encourage individuals to be better health care consumers because they are investing more of their own dollars upfront, but workers may have to meet deductible, co-pay and coinsurance requirements before their primary insurance pays out.

For many employees, just meeting the deductible can be a challenge. According to 2022 surveys, deductibles rose 28% over the last five years,³ and 66% of employees are concerned about their ability to cover health expenses.⁴

Health care-related expenses can be significant, yet they still represent only a portion of the costs generated by a medical event. While paying down their deductible, employees still face daily expenses from housing, child care and transportation, in addition to health care expenses not covered by their policy. With this in mind, it's not surprising that 38% of adults reported that they or a family member delayed medical treatment because of the cost.⁵

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Financial stress can affect an individual's health, relationships and productivity. A recent survey found that financially stressed employees are nearly five times as likely to admit personal finance issues have been a distraction at work.⁶ To help lessen the impact of financial stress, it's important for employers to balance a cost-effective benefits plan with coverage that meets the needs of employees and their families. By utilizing workforce benefits—such as disability, accident and critical illness coverage—employers can help support their workforce's financial wellness while managing the bottom line.

Expect the unexpected

No one knows when an accident or serious illness will strike, but having a comprehensive benefits package can help provide some peace of mind. Today's insurance carriers have a number of creative benefits solutions designed to pair well with high-deductible plans, and provide financial support to employees without undermining the plans' consumerist approach. These coverages include:

- **Disability insurance:** Replaces a portion of lost income if an employee is unable to work due to an injury or illness. Typical benefit range: 40–60% of earnings.
- **Life insurance:** Helps families stay financially secure by paying a benefit in the event of an insured's death. Typical benefit range: 1–2x annual salary or a flat amount.
- **Accident insurance:** Pays a fixed or expense-based benefit for eligible expenses related to an accidental injury. Typical benefit range: \$50–\$10,000.
- **Critical illness insurance:** Usually provides benefits as a lump-sum payment upon the diagnosis of conditions after the policy takes effect, such as cancer, stroke or heart attack. Typical benefit range: \$5,000–\$50,000. Some carriers even offer coverage for unique conditions such as infertility, mental health diagnoses and more.
- **Hospital indemnity insurance:** Offers a set benefit amount per day for eligible services and supplies received in a hospital or similar facility. Typical benefit range: \$100–\$400 per day. An additional hospital confinement benefit may be available for the first day in the hospital. Typical benefit range: \$1,000–\$3,000. Some carriers also include optional dental and vision coverage under their plan.
- **Dental insurance:** Pays a percentage or fixed dollar amount for preventive and basic dental services. Typical benefit range: \$500–\$1,500.
- **Vision insurance:** Pays for vision hardware at 100% up to defined maximums; may include an eye exam benefit. Typical benefit range: \$50–\$200.

When specifically designed to complement a high-deductible plan, workforce benefits can help reduce the financial pressure employees may face during and after a serious medical event without affecting the utilization goals of the group's major medical plan.



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Filling a need

Today's medical advancements mean that more people are surviving illnesses and injuries that even a decade ago would have been untreatable. But these positive results often come with significant financial consequences. Even with a major medical plan, employees can still face out-of-pocket costs following an injury or illness. Lost income for employees or a caretaking spouse, child care during recovery, travel for treatment and other expenses add up fast. The good news is employees who take advantage of the valuable workforce benefits can receive some immediate financial relief. Consider this example:

John, an employee at ABC Company, suffers a heart attack and has to take several weeks off work. In addition to the medical benefits provided by his high-deductible health plan, John had enrolled in his company's voluntary benefits prior to his heart attack, so he is eligible for disability, critical illness and hospital indemnity coverage. Based on the benefit amounts in those policies:

- The critical illness coverage pays an immediate benefit of **\$10,000** that John can put to use right away, helping him cover child care costs and other expenses.
- The hospital indemnity coverage pays a **\$2,000** benefit for his admission to the ICU, plus **\$200 for each additional day** in the hospital, up to the policy's calendar year maximum. These benefits can help defray the significant expense of hospital treatment.
- John also has disability coverage that pays an amount equal to **60% of his weekly earnings** after a short waiting period. That means he can continue to receive a portion of his regular income even though he's unable to work.

Because John enrolled in workforce benefits, he can focus more on his recovery than the financial burden he may otherwise face as a result of his condition.

Know your employee population

Employers should tailor benefits to fit their employee population. If a group has a high percentage of young families, life insurance and accident benefits may be of utmost importance. Companies with an older employee population may be drawn to critical illness and hospital indemnity coverage. And a younger, millennial workforce may favor disability and accident benefits.

Employers should carefully consider the needs of their group to ensure their benefits support their employees' financial wellness needs. They should also make sure employees understand how their coverages work and when to reevaluate their insurance needs. For example, marriage, divorce and the birth or adoption of a child are typically considered qualifying events by insurance companies, which allows employees to make changes in their plans. Employees will appreciate having access to resources that can help them make informed decisions at this critical time.



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believe workers leave their jobs to find employment that offers better benefits.⁷

Ensuring the financial wellness of the company

A comprehensive benefits package can make a difference in recruiting and retaining a quality workforce. In a recent survey, 40% of employers believe workers leave their jobs to find employment that offers better benefits.⁷ The workforce benefits we've described in this article can help you manage health care costs while promoting financial wellness for employees and their families.

Workforce benefits can be offered at no employer cost, and they encourage employees to participate in cost-saving, high-deductible medical plans by providing benefits before the plan deductible is met. Plus, some carriers offer in-house administration for enhanced efficiency and a more consistent claims-paying experience.

Workforce benefits and policy features vary by carrier. It's important to work with your broker to determine what's most important for your group so you can create the best financial wellness plan for your employees.

For more information about workforce benefits, contact your group benefits representative.

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^{1,2,6} Employee Financial Wellness Survey 2023 results. <https://www.pwc.com/us/en/services/consulting/business-transformation/library/employee-financial-wellness-survey.html>—January 2023.

³ 2022 Employer Health Benefits Survey. <https://www.kff.org/report-section/ehbs-2022-summary-of-findings>—October 2022.

⁴ "66% of Americans fear they won't be able to afford health care this year," <https://www.cnn.com/2021/01/05/americans-fear-they-wont-be-able-to-pay-for-health-care-this-year.html>—January 2021.

⁵ "Record High in U.S. Put Off Medical Care Due to Cost in 2022," <https://news.gallup.com/poll/468053/record-high-put-off-medical-care-due-cost-2022.aspx>—January 2023.

⁷ "Best Employee Benefits In 2023," <https://www.forbes.com/advisor/business/best-employee-benefits>—February 2023.



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