

State of the Workplace

2024 Financial Benefits Study





Introduction

The State of the Workplace Financial Benefits Study explores the evolving role and perceptions of workplace financial benefits, including equity compensation and retirement preparation. So far, 2024 has emphasized the staying power of financial themes that have shaped the workplace since the study's inception—from economic uncertainty and individual financial stress to ongoing demand among employees for financial guidance and education at work.

In fact, a wide majority of employees continue to say they want more workplace support for their individual financial challenges, indicating that despite a shifting and unpredictable economy, the workplace remains a foundational resource for financial wellbeing. While its clear HR leaders continue to enhance and refine their offerings, there is still more to do to balance tightening business margins while also addressing employee benefits awareness, education and planning.

As employers and employees continue to navigate evolving needs, benefits plan sponsors and providers must work smart, harnessing emerging technology and developing bespoke solutions to meet the moment. Rising to this challenge is a win-win, as workplace benefits continue to support employee loyalty and engagement, which in turn can foster a feeling of participation in their employer's ongoing success.

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Core Findings

Employees want financial support from the workplace

Most (91%) HR leaders suspect employees are facing financial hardships (+5% since 2021) and nearly half of employees (46%) agree, with roughly 4 out of 5 (81%) wanting help with specific financial challenges.

Retirement and financial guidance top the list of must-haves

Retirement preparation assistance, financial planning and goals-based retirement investment planning are top choices for employees; HR leaders prioritize goals-based retirement investment planning, access to a financial planner and retirement planning tools and calculators. Both ranked access to a financial advisor in their top three.

Workplace benefits remain key driver of engagement and retention

Roughly 9 in 10 HR leaders (87%) think financial benefits are a game changer for retention (+8% since 2021). Employees concur, with 91% saying they would be interested in accepting a new job for the benefits they need.

HR leaders believe more work needs to be done

While 54% of HR leaders feel their company is making progress with their financial benefits (+10% since 2023), over 4 out of 5 (82%) also say employees have asked for specific benefits they do not offer.

Benefits awareness and education is the next frontier

A third (32%) of employees have never thought to reach out to their employers for help, and 85% believe their company needs to do a better job explaining how to maximize their financial benefits. Most (96%) HR leaders agree.

Financial Benefits





“Since we first fielded this study in 2021, each year has seen employees and employers face dramatic shifts in economic climate. Yet a clear constant throughout our research has been the theme that financial benefits are a strategic priority. To better support employees, employers need comprehensive solutions that are both scalable and can also cater to the high touch, complex needs of executives—and HR leaders agree more can be done, including exploring emerging technologies. With so much in motion, the choices companies make in terms of the quality and scope of their offering will continue to have an outsize business impact.”

Scott Whatley, Head of Morgan Stanley at Work

Key Insights



Employees want more financial support from the workplace

Among employees who have experienced financial issues in the past year, over 1 in 4 (28%) would like to reach out to their company for help with managing their personal financial issues, yet nearly a third (32%) have never even thought to do it.

And while 96% of HR leaders believe their benefits education program is effective, fewer (87%) employees agree, suggesting a disconnect.



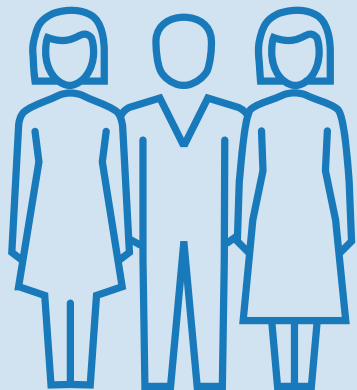
Benefits + education drive engagement and retention

Roughly 9 in 10 HR leaders (87%) believe financial benefits are a game changer when employees decide to stay or leave for another job—up 8% since 2021.

Employees concur, with 71% interested in accepting a new job if the company provided the financial benefits they need.

Wide Majority of Employees Want Workplace Support for Financial Challenges

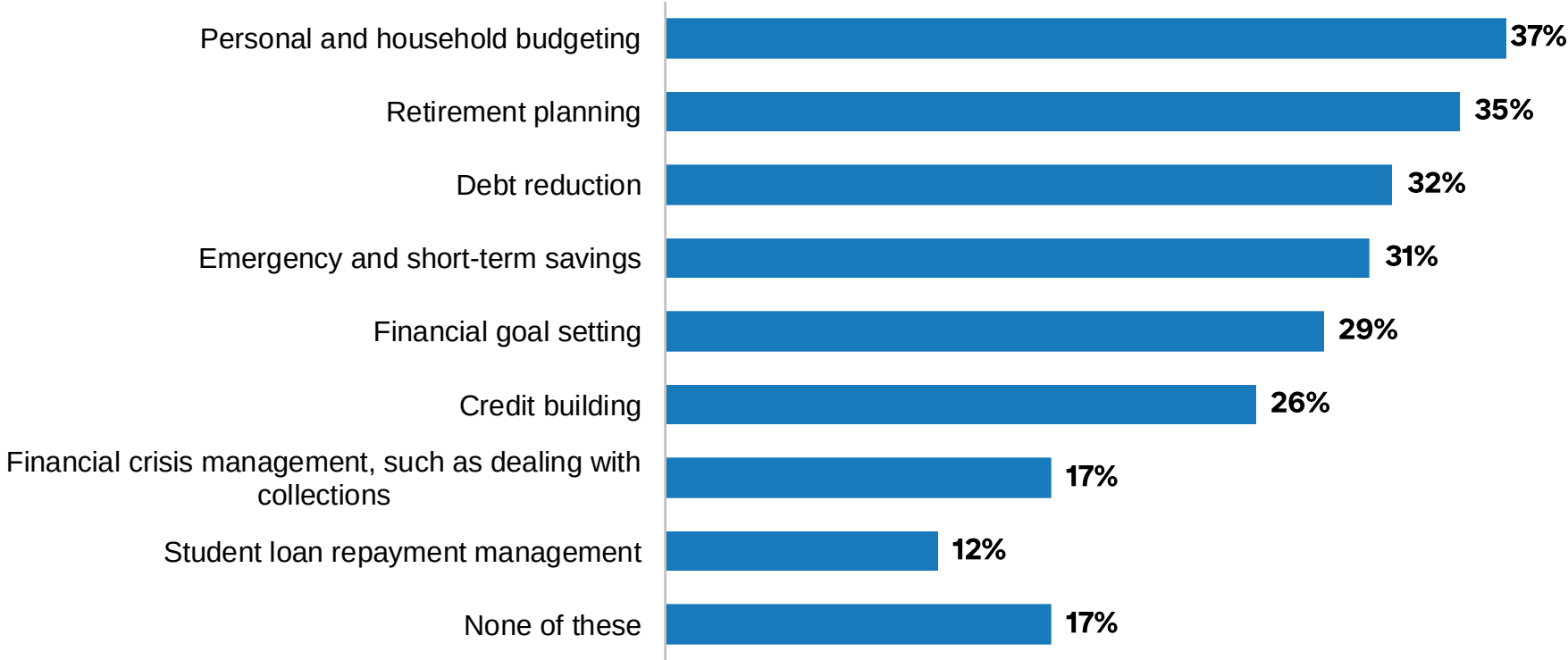
Employees continue to look to the workplace for foundational financial support.



81% of employees

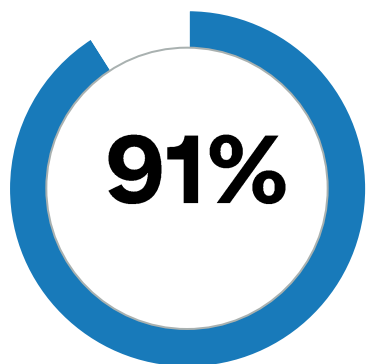
feel that employers should be more involved in helping them through specific financial troubles.

Employee responses: Over the past year, which of the following financial issues, if any, have you dealt with or are currently dealing with in your personal life?

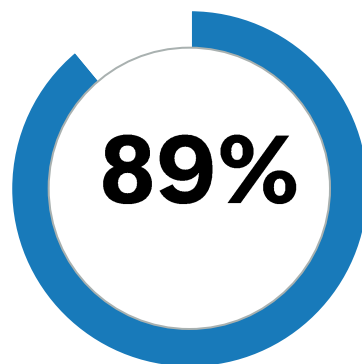


Strong Benefits Can Drive Talent Retention

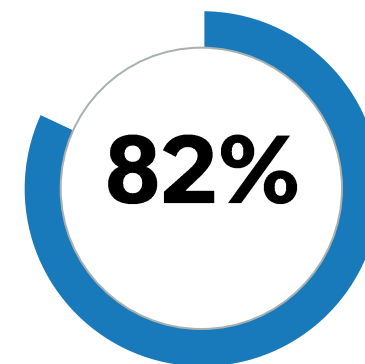
HR leaders and employees agree that benefits are key to loyalty, with employees willing to consider changing—or keeping—jobs to get benefits that meet their needs.



91%
of employees would be interested in accepting a new work opportunity that provided the benefits they want.



89%
of employees would feel more invested in staying at their company if it provided financial benefits that meet their specific needs.

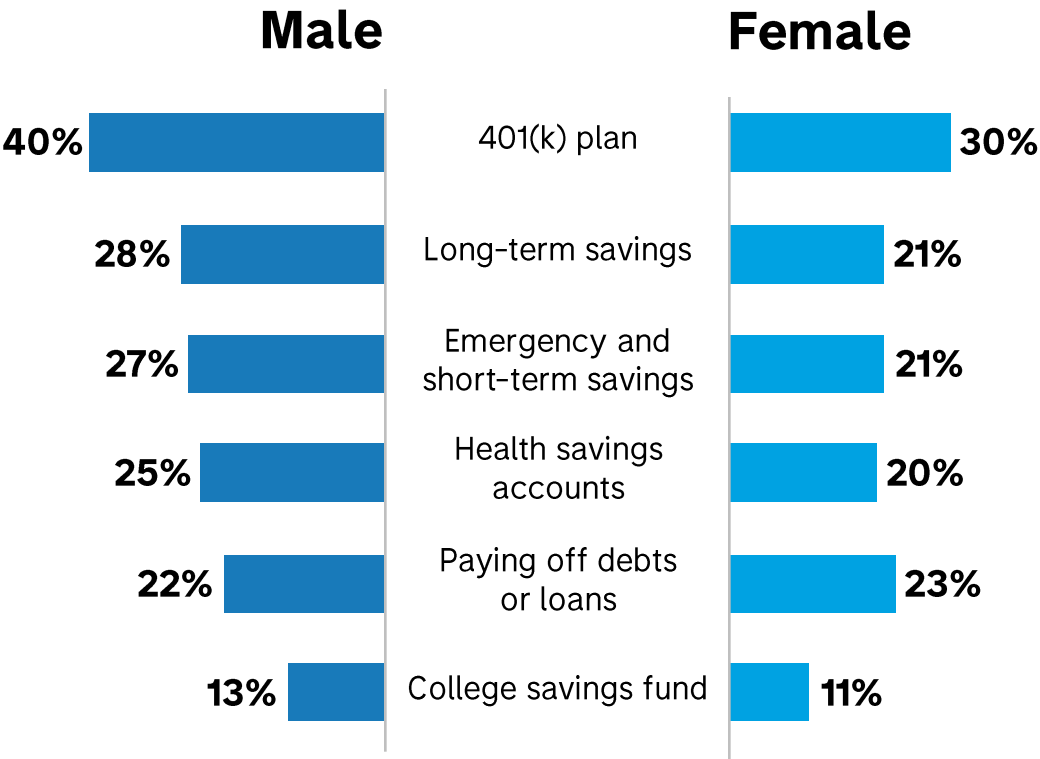


82%
of HR leaders have had employees request a specific type of support that would fall under workplace benefits that their company does not offer.

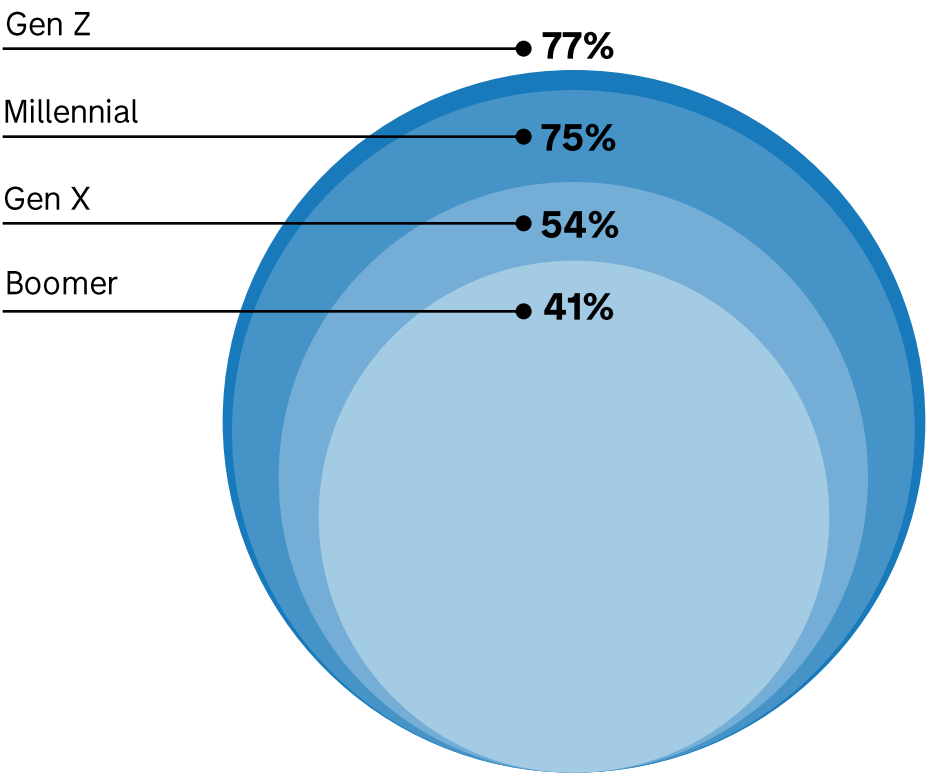
More Employees Are Still Reducing Contributions

As inflation cools, employees continue to scale back their contributions to workplace benefits accounts—some more than others.

Reduced contributions by gender:

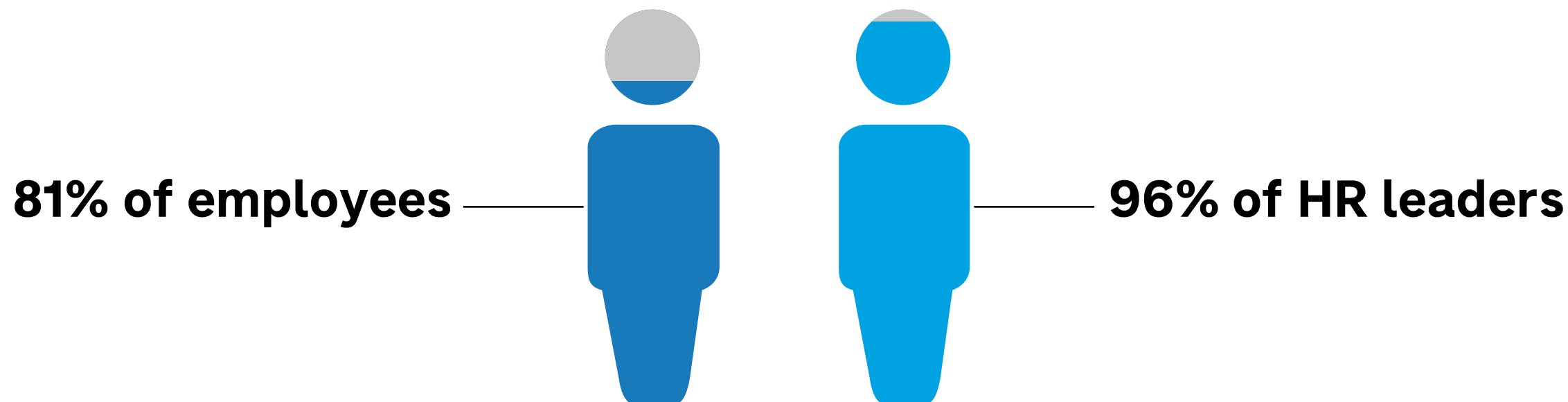


Total reductions to employee contributions by generation:



Opportunities Remain to Close Gaps

HR leaders and employees agree their companies can do a better job helping employees make the most of their benefits.

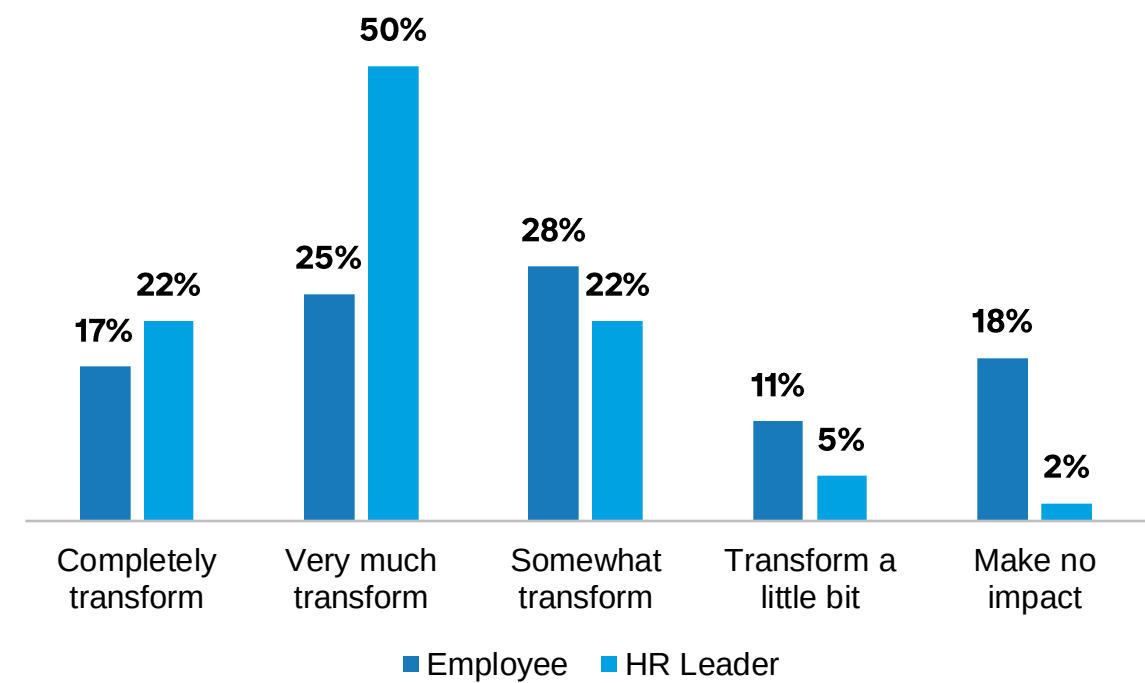


agree that their company needs to do a better job helping employees understand how to maximize the financial benefits offered.

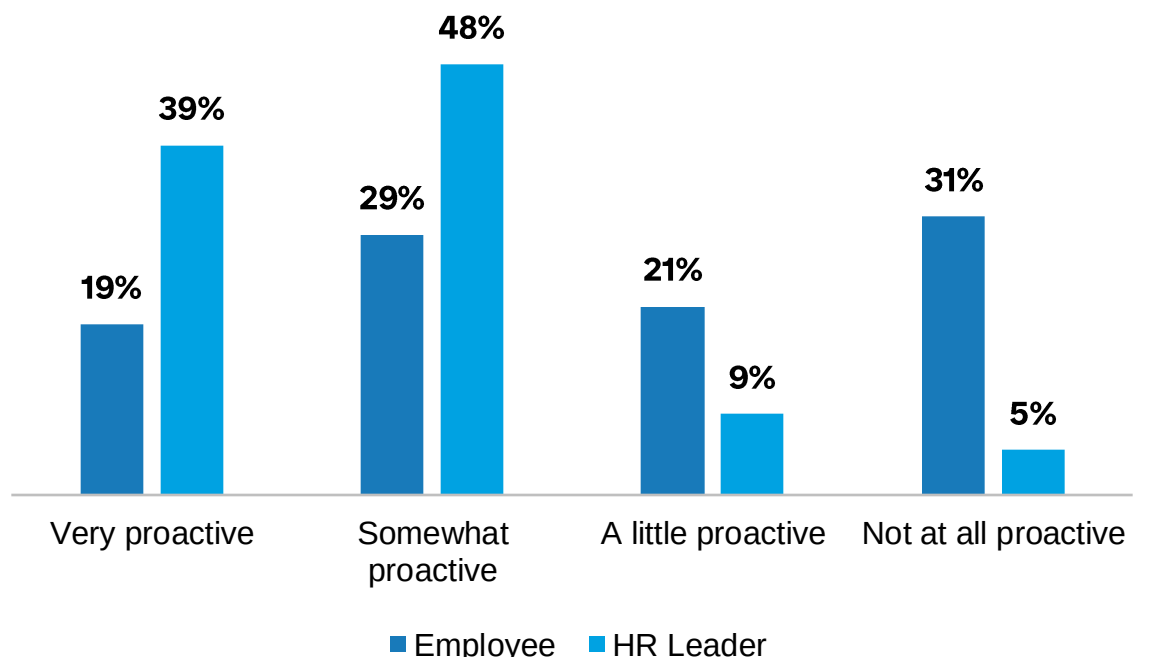
AI Poised to Affect Workplace Benefits Experience

More than 8 in 10 (82%) employees who work at companies offering financial benefits expect AI to have some impact on their benefits experience, and nearly all HR executives (98%) agree.

To what extent do you anticipate AI will transform the employee/participant experience when it comes to the workplace/benefits in the coming year?

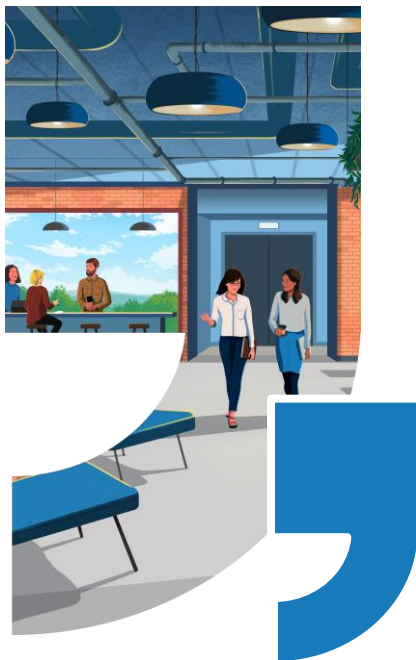


How proactive has your company been this past year in preparing to integrate generative AI into your workflows/experience?



Equity Compensation





“The data shows that equity has become a key driver of retention, engagement, and value across the entire organization—and one of the most powerful tools to sync employees with the success of their companies. Equity plan engagement can have a direct impact on employee satisfaction and goodwill, whether it’s through education programs, executive support, or collaborating with providers on plan management. Expanding participant eligibility, education, and access to liquidity events can be a game-changer for companies and their talent.”

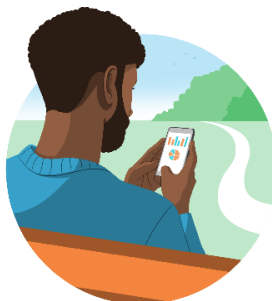
Kate Winget, Chief Revenue Officer of Morgan Stanley at Work

Key Insights



Equity compensation retains MVP status for driving engagement

Nearly all (95%) HR leaders say equity compensation is the most effective way to keep employees motivated and engaged, which has remained virtually unchanged year over year (97% in 2023, 95% in 2022, and 93% in 2021). Four in five employees agree.



Equity compensation is growing in popularity

More HR leaders report that their companies are offering some form of equity compensation benefits (76%, up 4% YoY and 12% since 2021). While employers cite equity as the top driver of employee engagement and retention, opportunities remain to help employees better understand equity ownership.

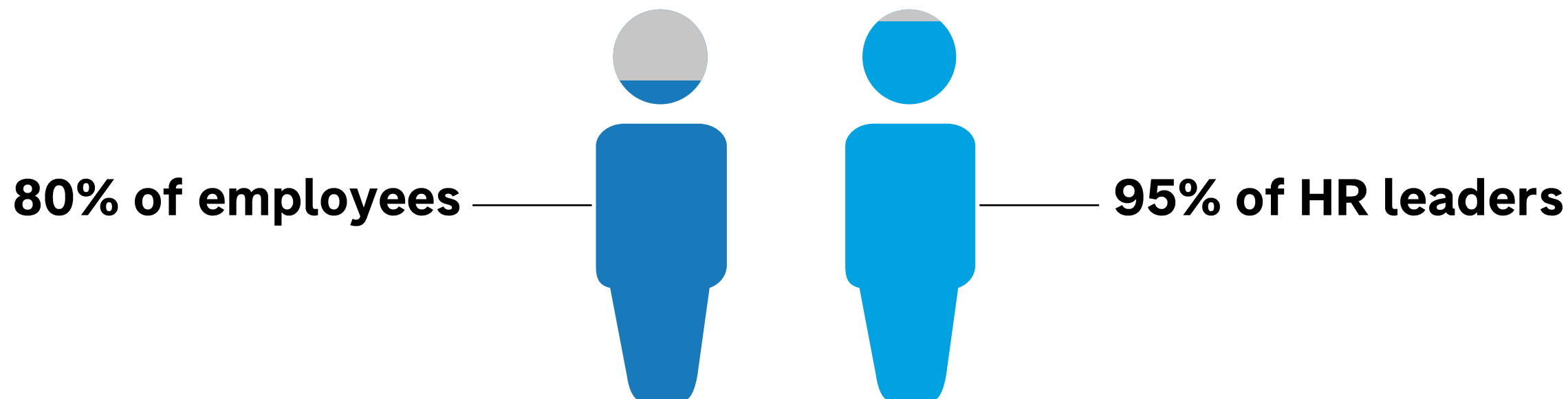


Liquidity is in focus at private companies

As the economy shifts, the prospect of a future liquidity event or IPO is very or somewhat important to three in five employees at private companies (62%). Liquidity events are even more top-of-mind for HR leaders, with 86% saying it's important to consider a liquidity event (such as a tender offer) in the coming 12–24 months—and even more (88%) for an IPO.

Equity Compensation is a Top Driver of Employee Motivation and Engagement

Employees and HR leaders agree that equity compensation remains perhaps the most powerful tool to build a culture of ownership and loyalty.

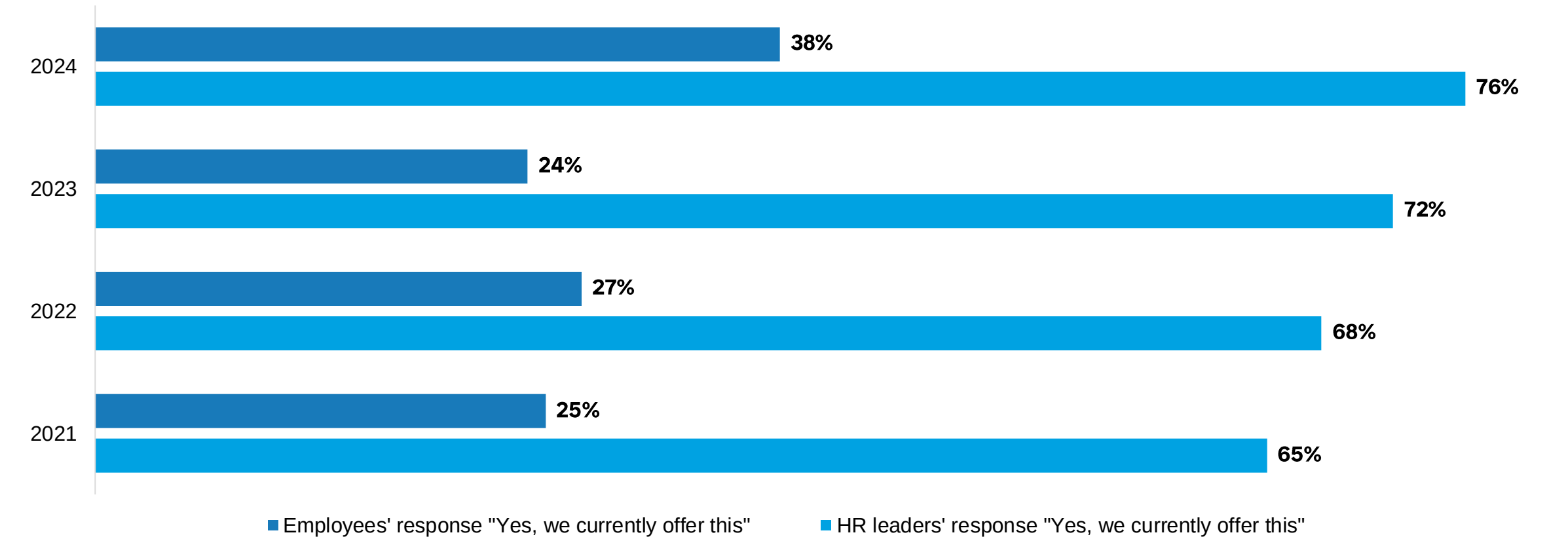


say that equity compensation and stock ownership is the most effective way to motivate employees and keep them engaged.

Equity Gaining Popularity as More Companies Offer Stock Plan Benefits

Equity compensation continues to grow in demand among both employees and HR leaders and at both public and private companies.

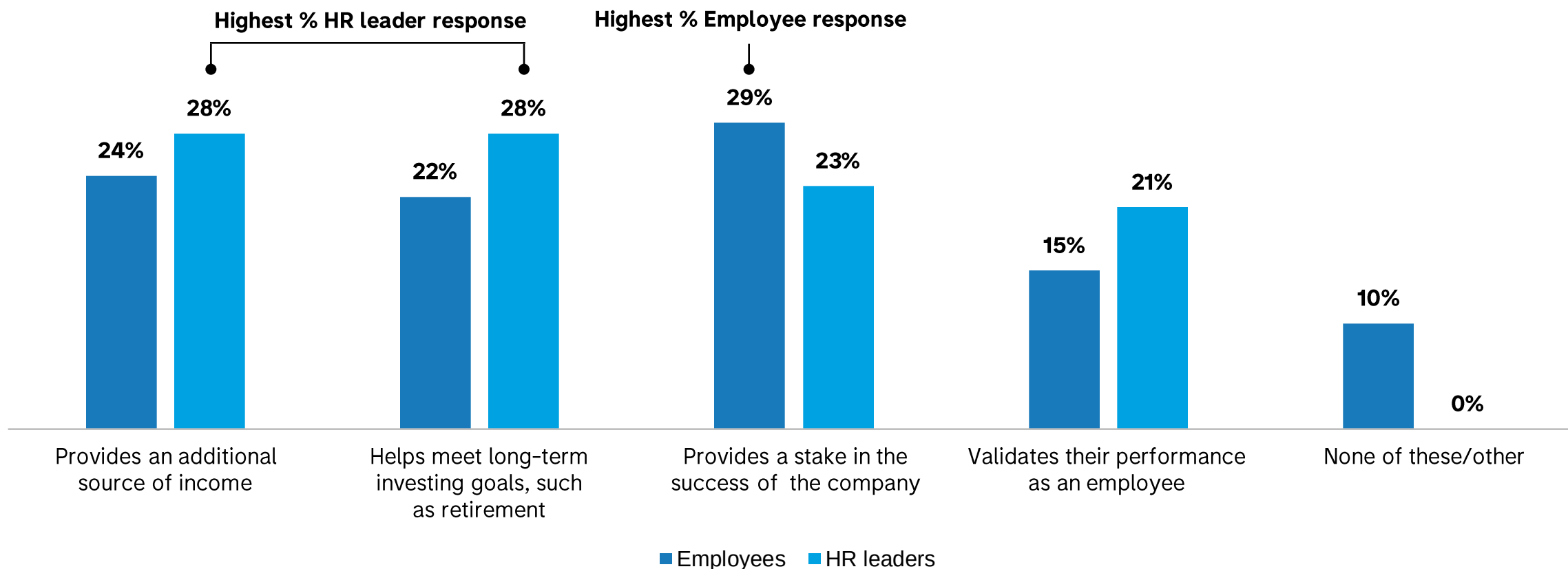
Does your company offer some form of equity compensation as a benefit for some employees?



Employees and HR Leaders See Equity Compensation Differently

HR leaders believe more firmly in the merits of equity compensation for meeting long-term investing goals such as retirement, highlighting the challenge of helping employees better utilize their equity as more than a near-term bonus

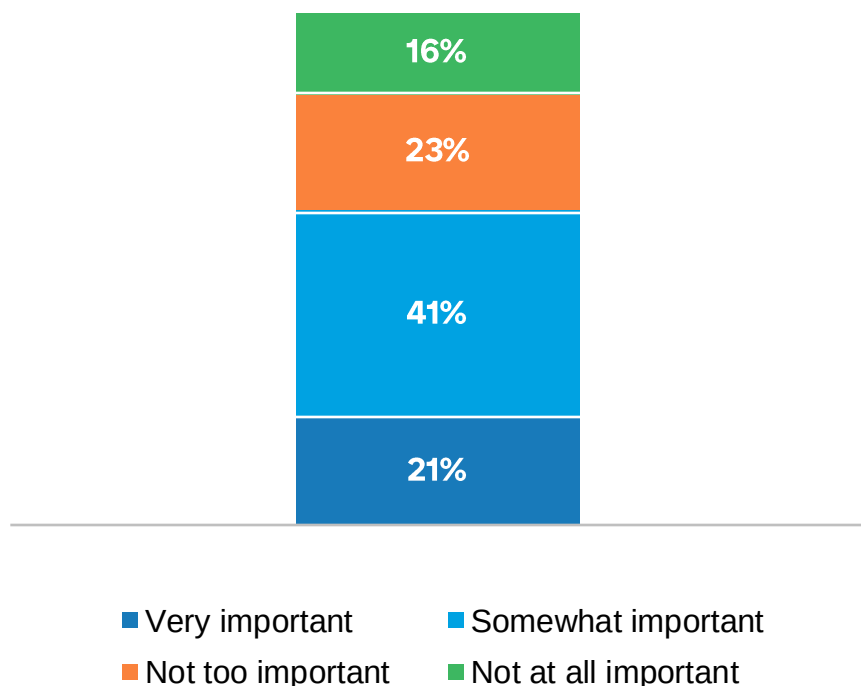
Which of the following do you feel is the biggest benefit to equity compensation?



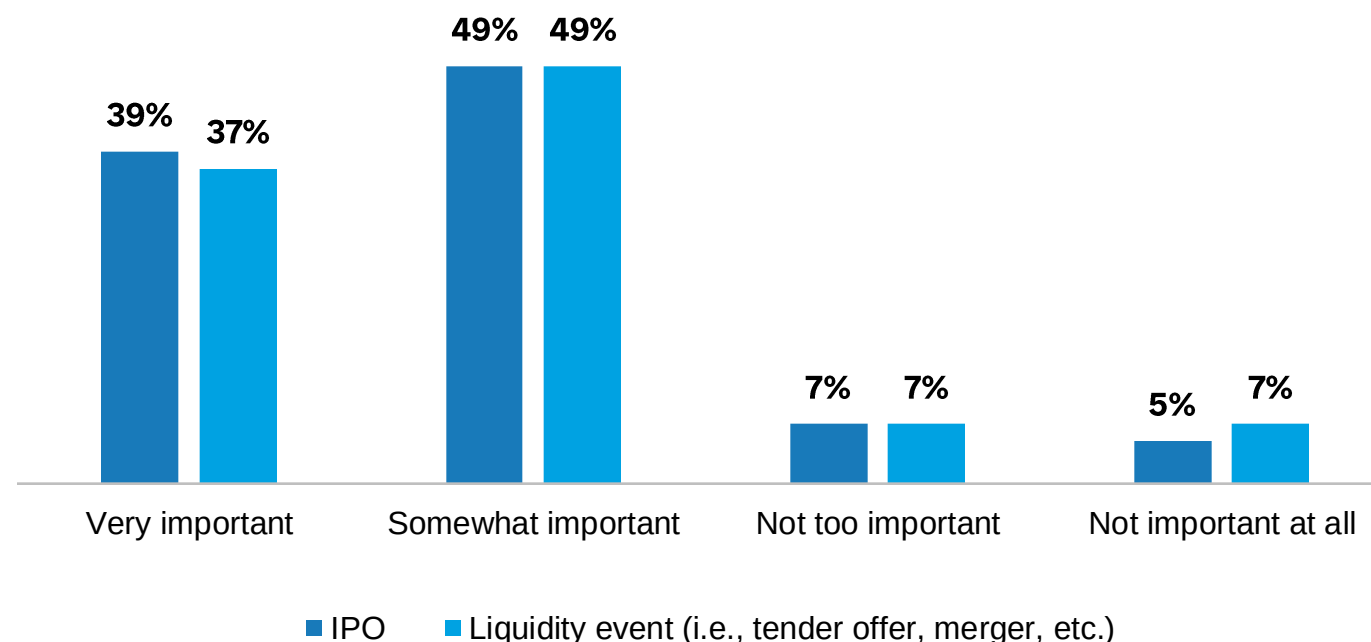
For Private Market Equity Compensation, Liquidity is on the Radar

Employees and HR leaders at private companies are weighing the importance and likelihood of future liquidity events.

Employees: How important to you is the prospect of a future liquidity event or IPO at the company for which you work?



HR leaders: How important is it to your company to consider the following in the next 12-24 months?



Retirement Solutions





“Our research continues to show that employees make better choices and engage more deeply with their retirement plans when they have access to financial education and guidance—in turn driving business outcomes, such as attracting and retaining talent. HR leaders and employees are equally invested in continuing to improve how companies can better assist their benefits participants. Plan sponsors, providers, advisors, and record keepers have a clear mission to continue to work together to find the right blend of retirement support, with education an essential ingredient.”

Jeremy France, Head of Institutional Consulting Solutions and Retirement at Morgan Stanley

Key Insights



Employees are accelerating financial planning efforts

Even as economic conditions improve and fewer employees say financial stress is negatively affecting their work and personal life (down 4% YoY), nearly 8 in 10 (78%) still feel pressure to accelerate their financial planning to help make up for lost time—emphasizing the continued importance of comprehensive and long-term benefits support.



Yet employees are cutting back on contributions

Amid economic uncertainty, nearly two in three employees (63%) say they are still reducing contributions to their workplace financial accounts (nearly on par with 66% in 2023 and 62% in 2022).

In fact, this year saw even more employees say they are reducing contributions to their 401(k) plans (36%, up 3% since 2023).

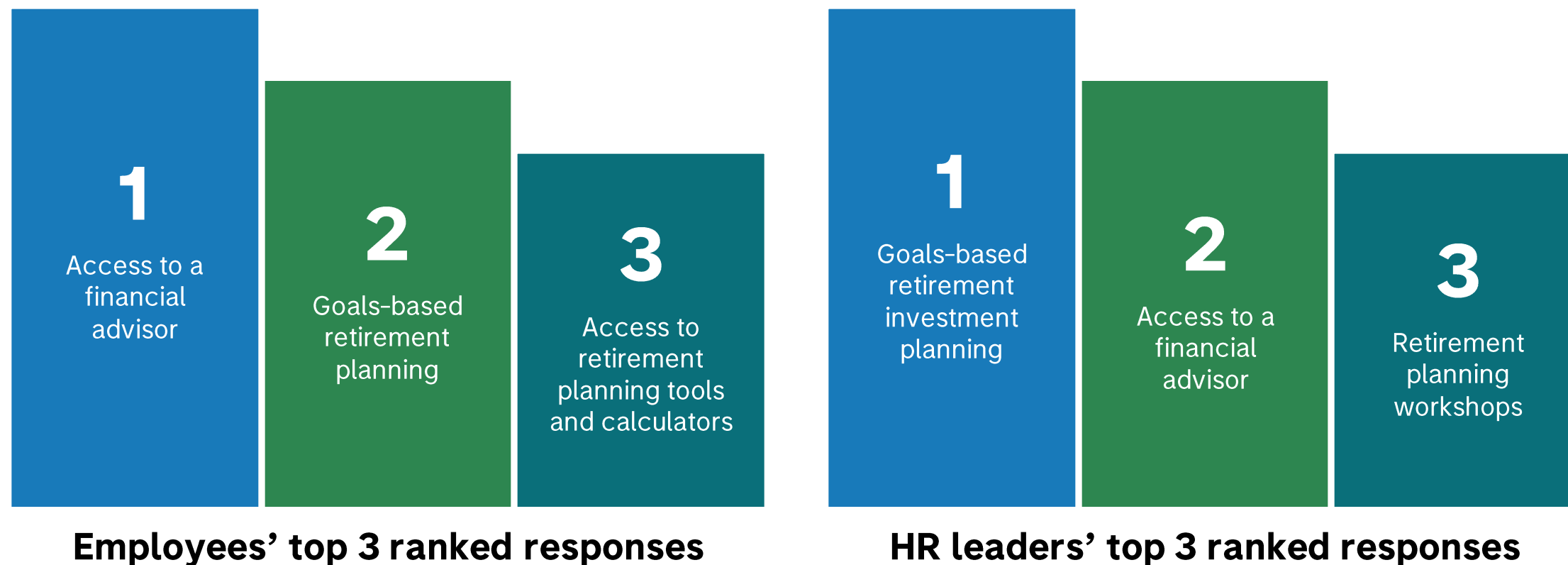


Retirement plan participants value guidance even more highly

This may be partly why employees who participate in their company 401(k)s are more likely than the general population to say they need financial investment planning support (77% vs. 68%). They are also more likely to feel the need to accelerate their financial planning to make up for lost time (82% vs. 72%).

Guidance Tops Employee Most-Wanted List for Retirement Benefits

Employees vote financial guidance and retirement planning support at the top of their list for most-wanted financial benefits.



Retirement Prevails as a Key Factor in Talent Attraction and Retention

Retirement benefits are a top priority for employees when choosing where to work.

94% of employees



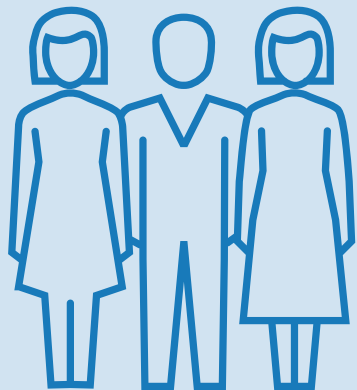
99% of HR leaders



say that retirement planning assistance from financial professionals is a priority when choosing where to work and retaining current employees.

Yet Employees Are Reducing 401(k) Contributions

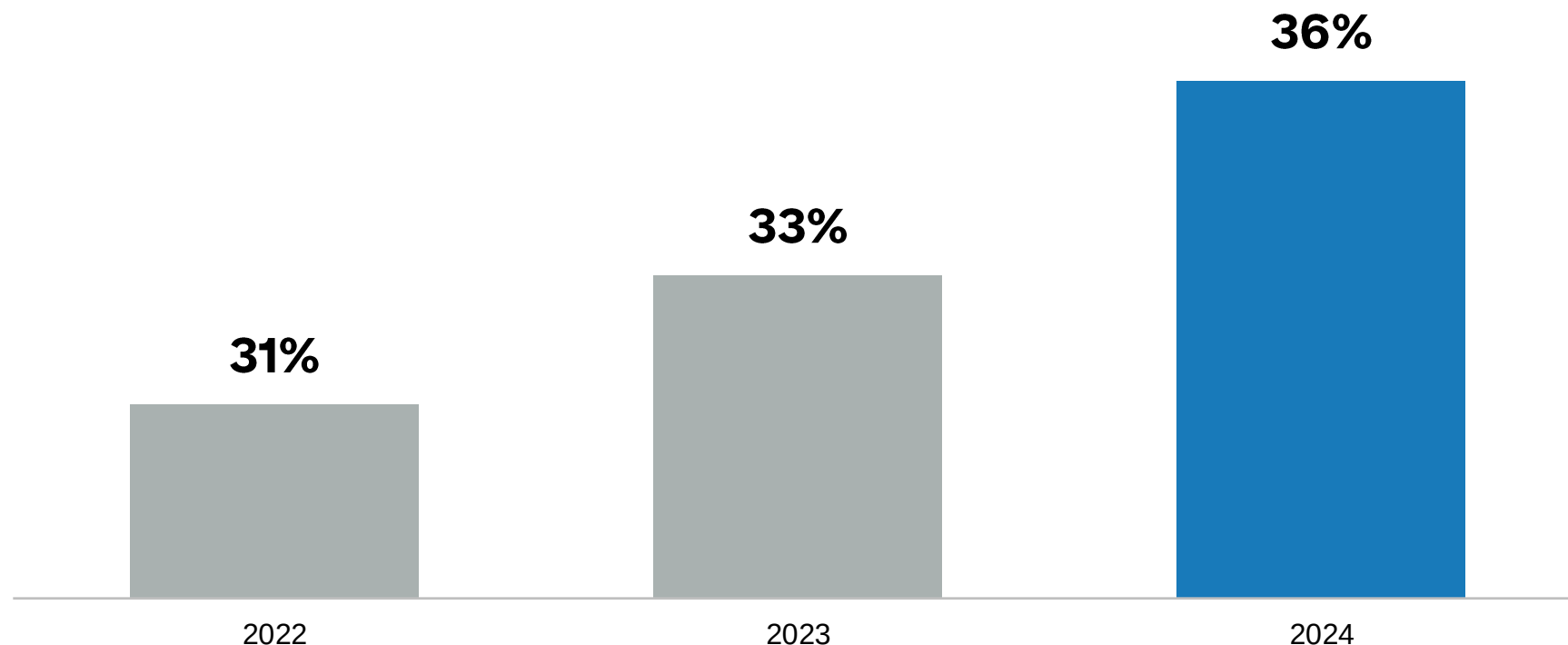
The need for retirement planning support is critical, with employees further reducing contributions despite wanting to improve their financial planning.



63% of employees

are still reducing overall
benefits contributions.

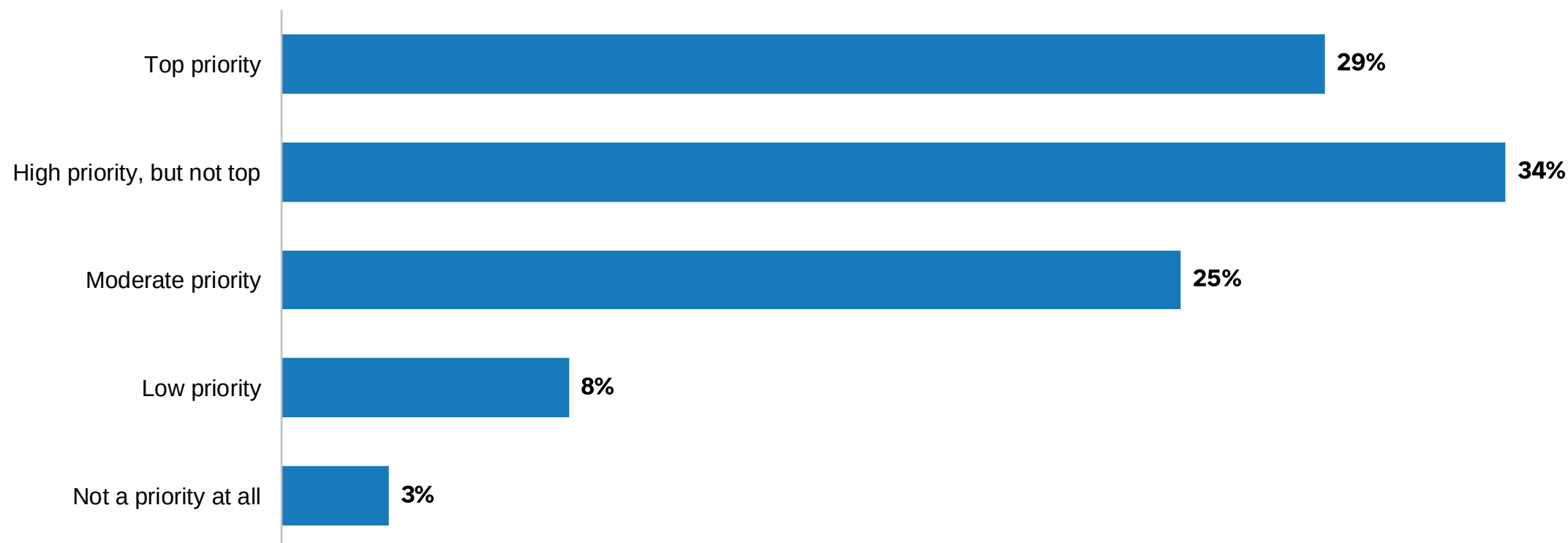
Employee “Yes” responses: Have you reduced your contributions to a 401(k) account because of the economic impacts related to inflation and/or concerns about a recession?



Retirement Plan Guidance in Demand

Retirement planning assistance from professionals is so important to retirement participants that 63% say it is a top or high priority when choosing where to work.

Retirement participants: When choosing where to work, how much of a priority is it that your company provides retirement planning assistance from financial professionals?





Conclusion

Through Changing Conditions, HR Leaders and Employees Agree Financial Planning Support Is Key

Companies now recognize assistance with financial planning as essential to help employees plan for their financial goals. Rising to meet this moment by improving the benefits experience is a matter of equal impact for HR leaders and employees alike.

Across the benefits landscape and shifting economic conditions, employees are looking for more guidance—offering employers an opportunity to differentiate themselves by not only offering comprehensive benefits, but also relevant education programs and intuitive user experiences. Finding the right balance of digital and in-person solutions to support employees as they navigate their financial needs will empower workplaces to continue to attract, engage, and retain top talent.

Methodology



The data from the Morgan Stanley at Work Employees Survey and HR Leaders Survey comes from a survey of 1,000 U.S.-employed adults and 600 HR leaders for companies. The survey was conducted on behalf of Morgan Stanley at Work using an email invitation and an online survey between February 5 and February 12, 2024, by Wakefield Research (www.wakefieldresearch.com).



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