



Workplace benefits trends

EXECUTIVE SUMMARY

2026-2027



The [2026-2027 Aflac WorkForces Report](#)[®] captures a benefits environment showing real progress under pressure. Employers are largely preserving their benefits programs despite rising costs, while employees report greater satisfaction, stronger confidence in understanding of their benefits and more optimism about their finances. But those gains coexist with a more complicated reality. Employers are shifting more costs to employees, costly coverage mistakes are increasing, and many workers have little financial room for an unexpected medical expense or time away from work.

Together, the findings reveal an important distinction: Offering a strong benefits package is not the same as helping ensure employees can confidently use it or absorb any remaining costs. The next standard for a benefits strategy is not only what employers provide, but also whether employees fully understand their options, make informed choices and feel prepared to navigate the financial and practical challenges that may arise when additional coverage is needed.



Preserving benefits requires difficult trade-offs

Benefits remain central to how employers compete for talent and construct a compelling total compensation package. Even as costs rise, most employers are maintaining or expanding their offerings rather than retreating from coverage altogether. That resilience matters, but it has consequences. Employers are increasingly balancing benefits spending against other workforce investments and shifting more financial responsibility to employees through premiums, deductibles and copays.

At the same time, expectations for the benefits experience continue to rise. Employees want the convenience of digital access without losing the reassurance of knowledgeable human guidance. They also want enrollment to reflect their individual needs rather than operate as an annual administrative exercise. Therefore, maintaining a broad portfolio is only part of the challenge. Employers must also make benefits options easier to evaluate, access and use.



Confidence is improving faster than clarity

Employees feel more knowledgeable about their coverage and more confident in how benefits may help their families manage the effects of a serious illness. Those improvements are encouraging, but they do not consistently translate into successful navigation. Costly misunderstandings are becoming more common, including among employees who say they understand their policies well.

The same tension appears in employees' use of GenAI. Those who use it for benefits information are more engaged across nearly every measure, but they are not necessarily equipped with a complete picture of their coverage. These findings call for a broader definition of benefits understanding, one that considers whether employees can compare options, anticipate likely costs, locate reliable answers and know when a decision requires human support.

Financial confidence up, financial preparedness at risk

Employees' confidence in their household finances has improved, yet many remain poorly positioned to manage the disruption surrounding a serious illness or injury. Out-of-pocket medical costs are only one part of that exposure. Missed income, leave from work, prescriptions, travel, childcare and everyday household expenses can compound the financial impact, even when an employee has major medical insurance.

That vulnerability also has implications for the workplace. Employees with the least financial cushion report a more difficult experience across measures of burnout, productivity, job satisfaction, perceptions of whether their employer cares and intention to leave. These relationships do not prove that financial fragility causes those outcomes, but they show the far-reaching consequences of financial instability.

Supplemental insurance may play a role in an overall strategy by providing additional financial support for covered losses and eligible expenses that major medical may not fully cover. Employees with supplemental insurance report greater confidence in their protection and a more positive benefits experience, although enrollment alone does not eliminate navigation difficulties or retention risk.

Financial protection is most meaningful when it is paired with clear education and accessible guidance.

Employees are redefining what they value

Benefits satisfaction has reached a high point, but satisfaction alone does not guarantee retention. Employees continue to evaluate pay, advancement and day-to-day work experience alongside benefits. Younger workers, in particular, are weighing a broader combination of financial security, flexibility, growth, meaningful work, mental health support and organizational values when deciding what makes an employer attractive.

That expanded value equation raises the importance of visible, usable support. Employees generally feel positive about their work-life balance, but their experience depends on how policies are applied, how managers structure work and whether organizational support feels credible in practice. A sense of belonging, mental health support and flexibility create competitive value only when employees can see and use them.

The 2026 findings point to a deeply integrated standard for benefits strategy. Employees need protection that reflects their actual exposure, information they can fully understand and guidance they can trust. Employers must support those elements with workplace practices that make the organization's commitment visible and usable.





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Section 1

Benefits balancing act

Employers are holding the line on benefits, but affordability and access remain under pressure

Employers continue to protect and, in many cases, expand their benefits programs despite another year of rising costs. That commitment reflects the strategic role benefits play in attracting talent, supporting employees and strengthening the overall compensation package. But maintaining a complete benefits portfolio requires trade-offs for many organizations. Employers are absorbing higher costs, shifting more financial responsibility to employees and trying to meet growing expectations for easier access and more personalized support.

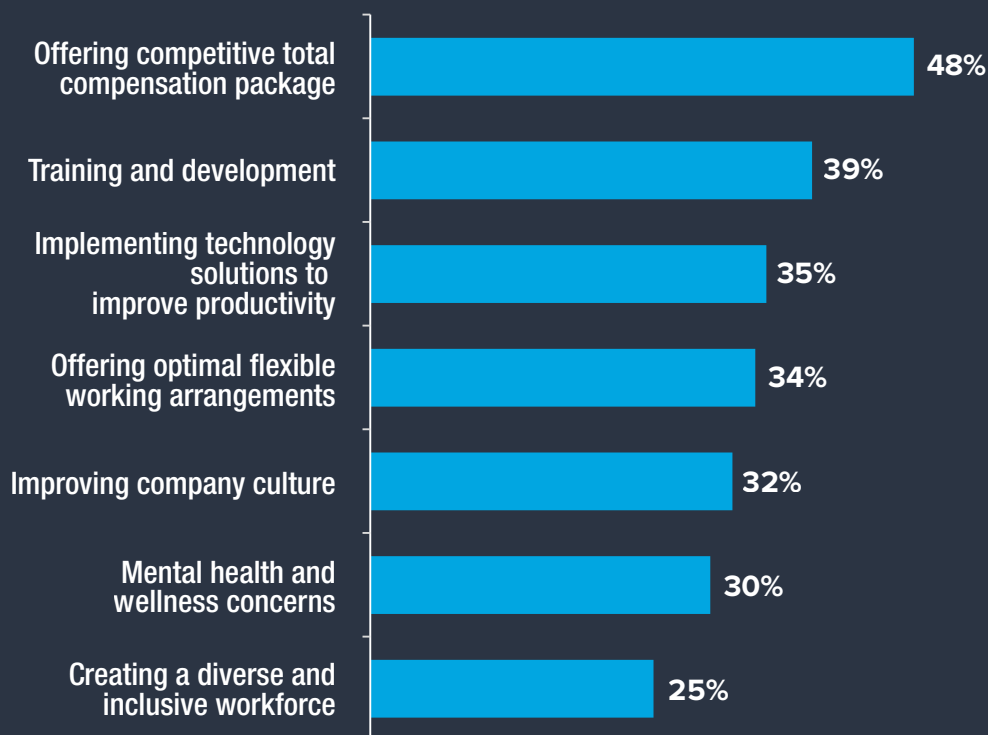
The result is a benefits system that remains strong on availability but uneven in the experience surrounding it. Employees increasingly expect digital convenience, human guidance and clearer help choosing coverage that fits their lives. For employers, the next challenge is not simply deciding which benefits to offer. It is making the value of those benefits easier for employees to see, understand and use.

Benefits remain key differentiator in the competition for talent

Offering a competitive total compensation package remains employers' leading workforce challenge, cited ahead of training, technology, culture and other engagement priorities. The pressure is remarkably consistent across company sizes: small, midsize and large employers all place competitive compensation at or near the top of the list. Benefits are therefore not a secondary concern limited to organizations with a particular workforce profile or budget. Employers across the market are trying to balance what employees expect with what the business can sustain.

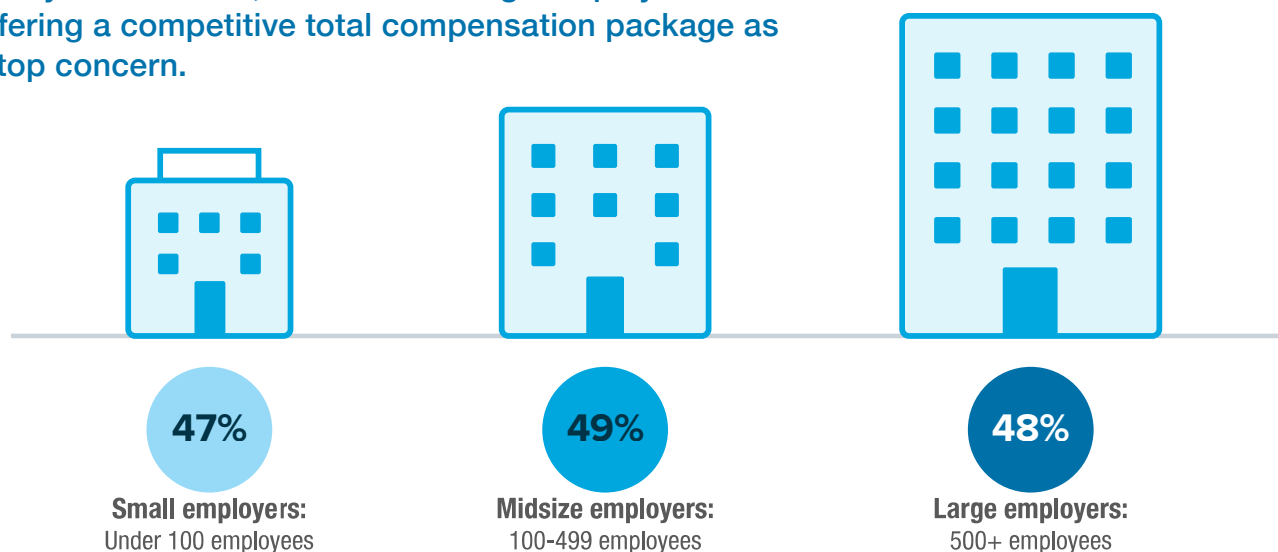


Nearly half (48%) of all employers state that offering a competitive total compensation package is among their top challenges, which is consistent with previous years' data.



Question: When it comes to employee engagement and satisfaction, what are your organization's biggest challenges?

This challenge spans organizations of every size: nearly half of small, midsize and large employers cite offering a competitive total compensation package as a top concern.



Question: When it comes to employee engagement and satisfaction, what are your organization's biggest challenges?
"Offering competitive total compensation package" by company size.

Employers are almost equally likely to prioritize a healthy, productive workforce (27%) and employee satisfaction and engagement (27%) as they are competitiveness (23%) or attraction and retention (23%).

Benefits sit at the center of that balancing act because employers expect them to serve several purposes at once.

Organizations are nearly evenly divided on whether their primary objective is to support employee satisfaction, productivity, retention or competitiveness.

No single objective dominates because benefits are now expected to do all four: protect employees, help them perform, strengthen the employment relationship and make the organization more attractive to talent.

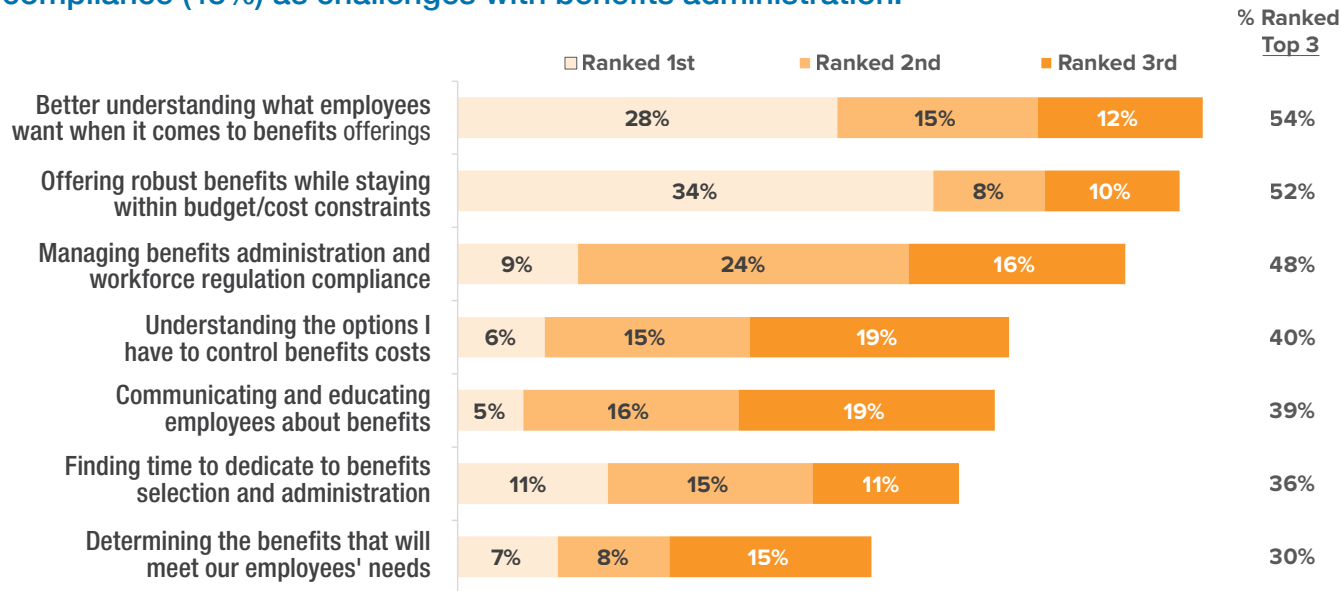


Question: Of the following objectives, which is the most important objective for your benefits program?



That makes benefits increasingly important to workforce strategy and increasingly difficult to manage well. Employers must understand changing employee needs, keep coverage affordable and demonstrate value while balancing benefits spending with other investments employees care about, including pay, bonuses and career development. The question is no longer whether benefits matter. It is how employers can preserve their role without allowing the cost and complexity of the program to weaken the overall employee experience and business objectives.

Understanding what employees want (54%) narrowly outranks keeping robust benefits within budget (52%), while nearly half cite benefits administration and regulatory compliance (48%) as challenges with benefits administration.



Question: Of the following, which are the top challenges your organization faces when offering benefits?

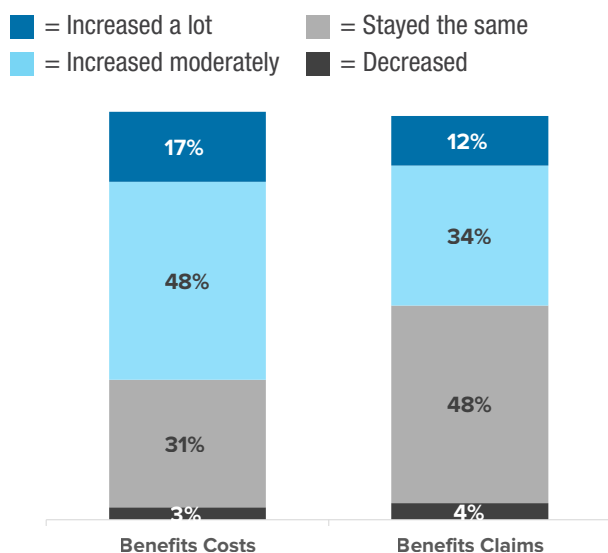




Rising benefits costs are reshaping workforce investment

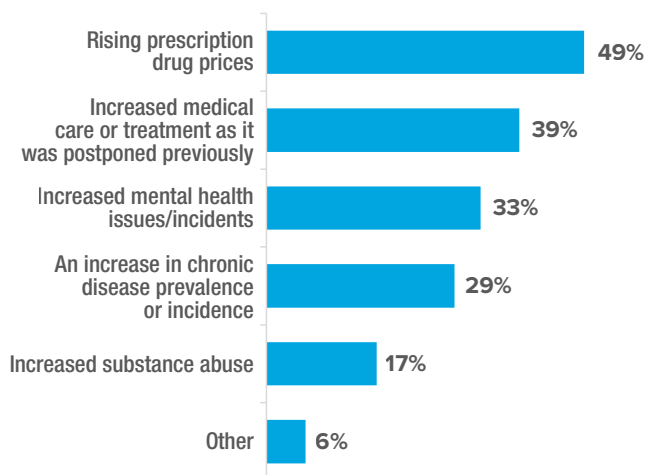
Two-thirds (65%) of employers say their benefits costs increased during the past year, while fewer report a comparable rise in claims. Therefore, cost pressure comes from a combination of rising prices and changing care needs, making it difficult to address by focusing on any single cost-containment measure.

Two-thirds (65%) of employers say their benefits costs increased significantly in the past year while 46% reported a rise in claims.



Question: In the last year, would you say your organization's benefits costs have ...? // In the last year, would you say your organization's benefits claims have ...?

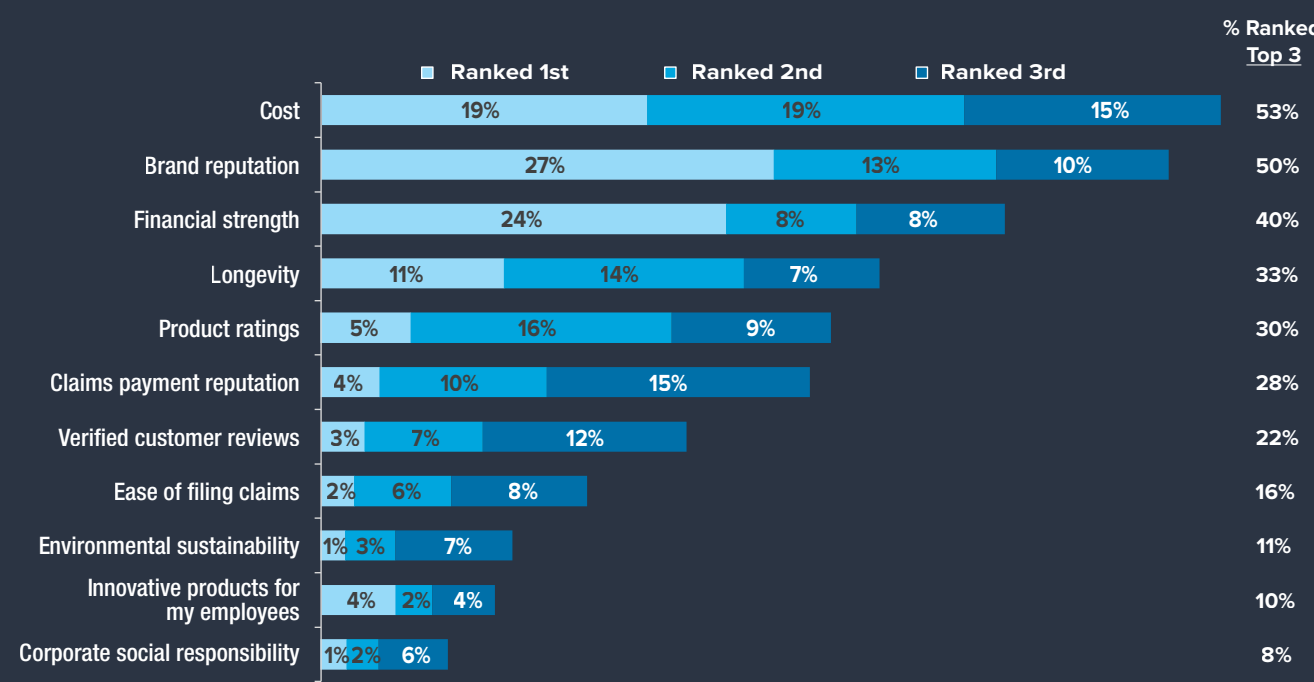
Prescription drug prices lead the list of reported cost drivers (49%), followed by care that had previously been postponed (39%) and increased mental health needs (33%).



Question: You mentioned that your organization's benefits costs or claims increased in the last year. Which, if any, of the following best describes why?

This makes budgeting less predictable from one year to the next. Employers must revisit how much coverage the organization can fund, how much additional cost employees can reasonably absorb and which enhancements should remain priorities. It also helps explain why price, financial strength and reputation are prominent in provider decisions: When employers have limited control over the trajectory of spending, they place a premium on partners that signal stability and reliability.

Choosing a benefits provider? Cost ranks first overall (53% ranked among the top three), but brand reputation (50%), financial strength (40%) and longevity (33%) show that employers also prioritize credibility and staying power.

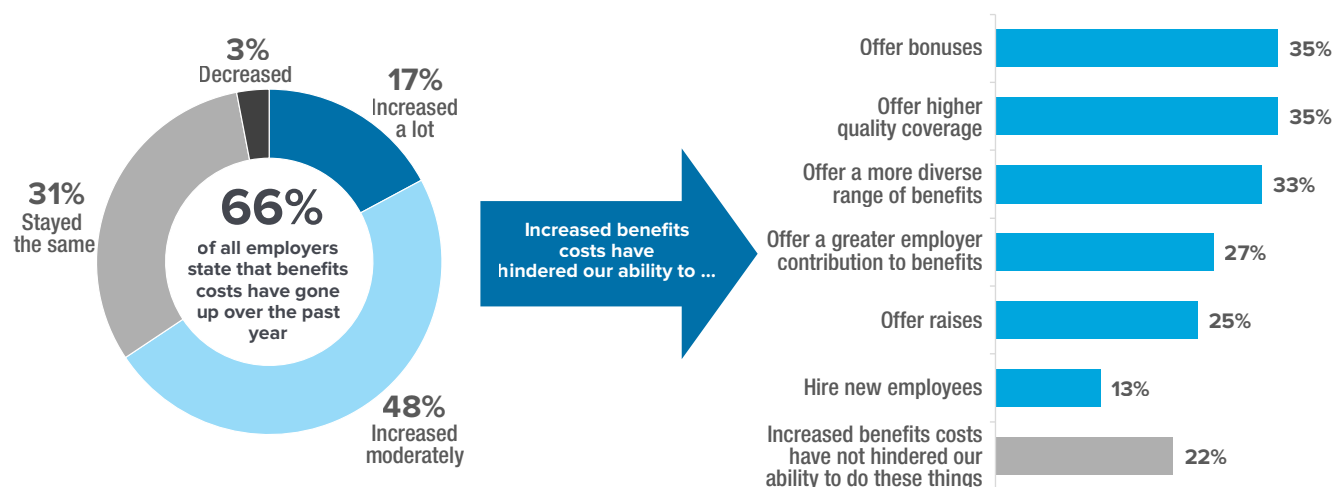


Question: Rank the following attributes by importance when choosing your organization's benefits provider(s)/vendor(s)



The impact does not stop with the benefits budget. Among employers reporting higher costs, 35% say the increase has constrained their ability to offer bonuses, and the same percentage say it has limited access to higher-quality coverage. Others report less room to expand benefits or invest elsewhere in the employee experience.

Among employers facing higher costs, 35% say bonuses and higher-quality coverage have been constrained, while 33% have had less room to broaden their benefits offerings.



Question: In the last year, would you say your organization's benefits costs have ...?

Question: Have increased benefits costs hindered your ability to do any of the following things that you otherwise would have done if benefits costs remained the same or decreased?

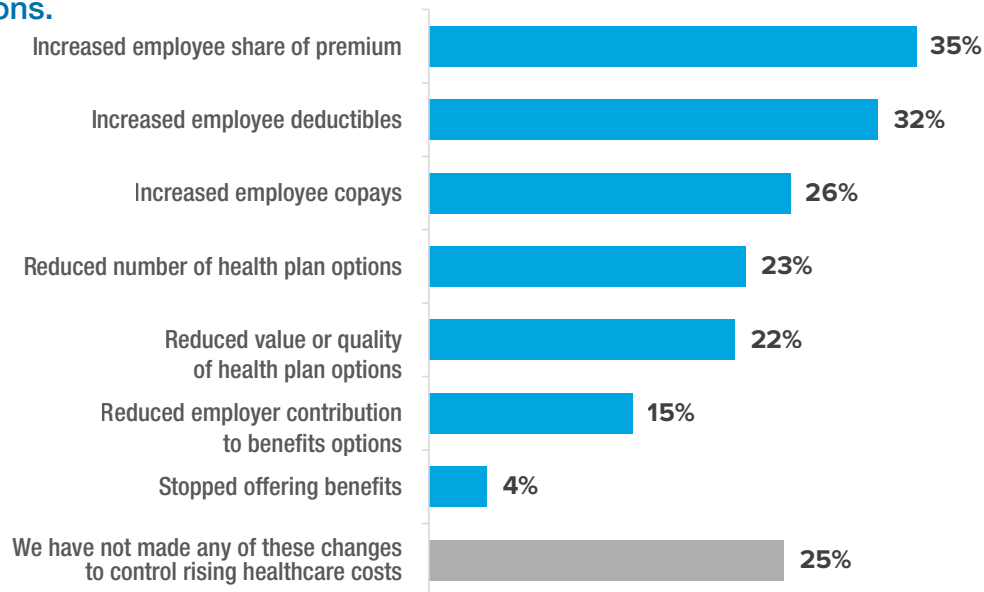
This creates a difficult cycle. Employers need competitive pay and benefits to attract and retain employees, but the cost of maintaining those programs can drain budgets and reduce their ability to fund high-value employee rewards or achieve business objectives. Benefits costs should therefore be viewed as part of a broader workforce-allocation decision. Plan design and funding choices can affect not only coverage, but also the organization's financial capacity to invest in compensation, recognition and other priorities.

Employers are preserving coverage by shifting more costs to employees

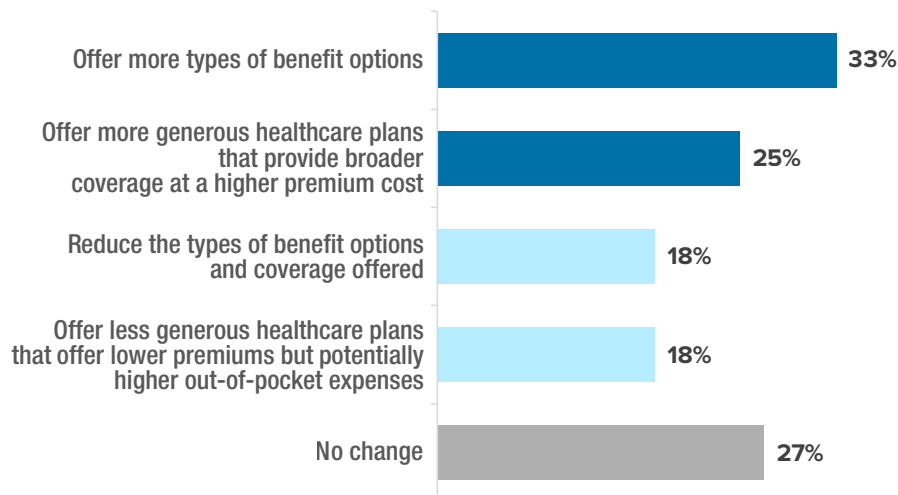
When employers take steps to control rising healthcare costs, they are more likely to increase employees' premium contributions, deductibles or copays than eliminate plans or drop benefits altogether. This approach helps preserve the breadth of the program, but it also transfers more of the financial exposure to employees, many of whom have limited savings available for an unexpected medical expense.

Even with that pressure, employers are not broadly retreating from benefits. Only 18% expect to reduce the types of benefits they offer during the next year, while one-third plan to expand them. Employers appear reluctant to weaken a program they increasingly view as essential to talent strategy.

Three-quarters of employers facing higher costs made at least one change; increasing employees' share of premiums (35%), deductibles (32%) and copays (26%) were the most common actions.



Most employers say they plan to make changes to employee benefits — either reducing coverage or offering more — while 27% say they don't plan to make any changes.



That resilience comes with an important caveat. Preserving the number of benefits offered does not necessarily preserve the level of financial protection employees truly experience. A plan can remain part of a benefits program year to year while becoming more expensive to use. As premiums, deductibles and copays rise, the relevant question becomes not only whether employees have coverage, but whether they can afford to use it when care is needed.

EMPLOYER TAKEAWAY

Assess cost-control decisions across two dimensions: what the organization preserves and what employees absorb. Increasing premiums, deductibles or copays may enable employers to maintain the breadth of the benefits portfolio while weakening the financial protection employees experience.

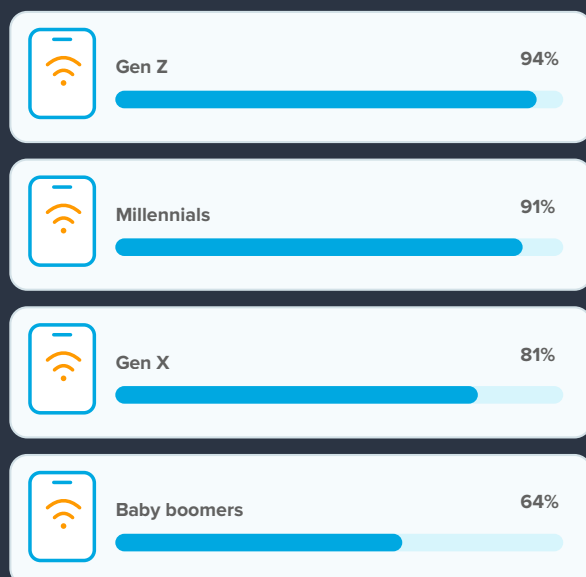
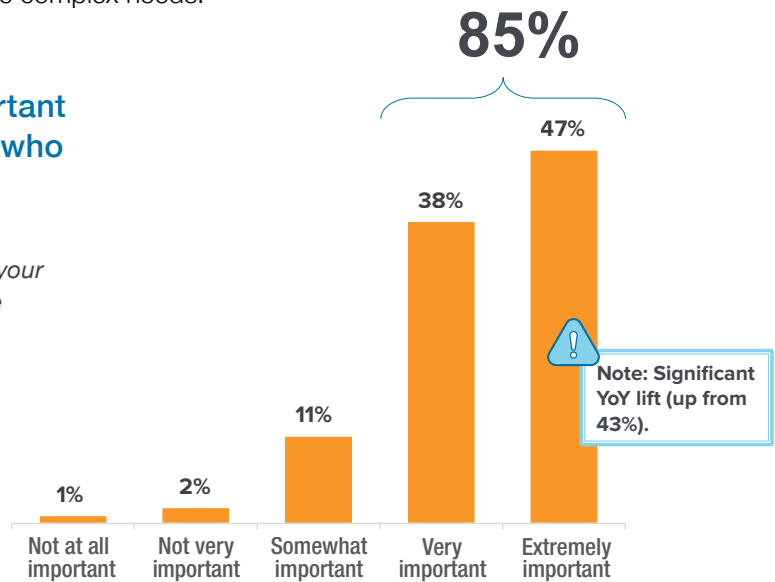
Employees seek a balance between digital access and human connection

While employers are largely maintaining the breadth of their programs, the experience of accessing and managing those benefits has not kept pace with employee expectations. More than 8 in 10 employees say it is important to manage their benefits online, including 94% of Gen Z. Yet one-third still lack online access, and 2 in 5 employers do not offer online enrollment.

Employees increasingly expect the same convenient, self-directed access they use in other areas of their lives, like ordering concert tickets or making a retail purchase online. The ability to review coverage, make eligible changes and find answers to routine questions without relying on paper forms or waiting for HR is a priority. Digital access will not resolve every benefits challenge, but its absence creates friction and directs routine requests toward HR and advisor channels that are already managing more complex needs.

Online benefits management is important to 85% of employees, including 47% who describe it as extremely important.

Question: How important is being able to manage your benefits online (for example, enroll in a policy, make changes and check coverage)?



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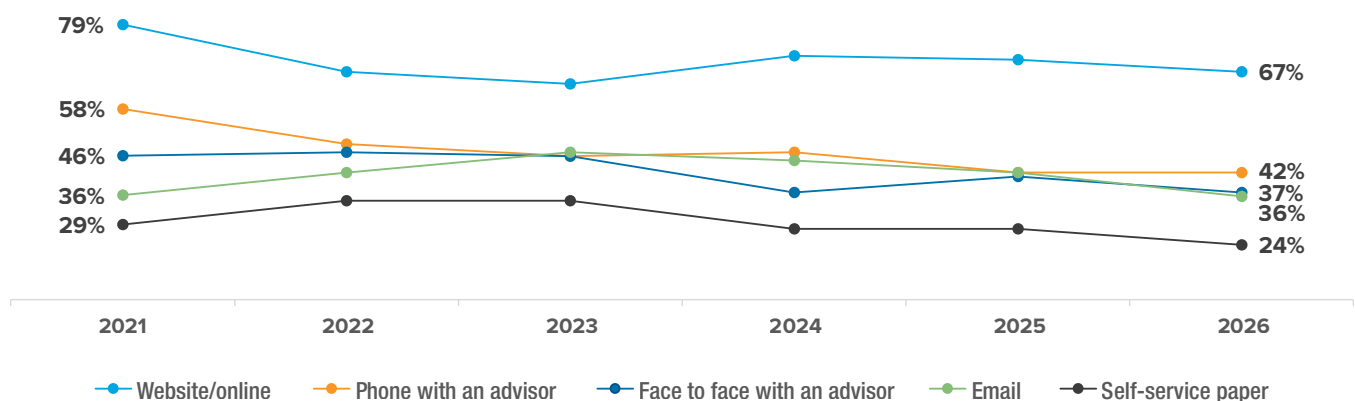
Percentage-point gap
between Gen Z and Baby boomers

Digital access is nearly universal among Gen Z (94%) and millennials (91%), compared with 81% of Gen X and 64% of baby boomers.

Question: How important is being able to manage your benefits online (for example, enroll in a policy, make changes and check coverage)? | Top 2 Box summary by generation



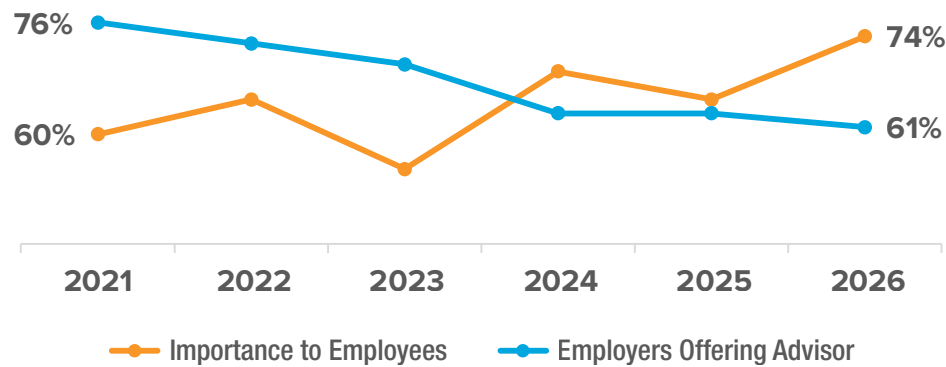
Website access remains the most common benefits-management option offered by employers (67%), while access by phone with an advisor (42%), face to face with an advisor (37%) or email (36%) is less common.



Question: In which ways can your employees manage their benefits (for example, enroll in a policy, make changes and check coverage)?

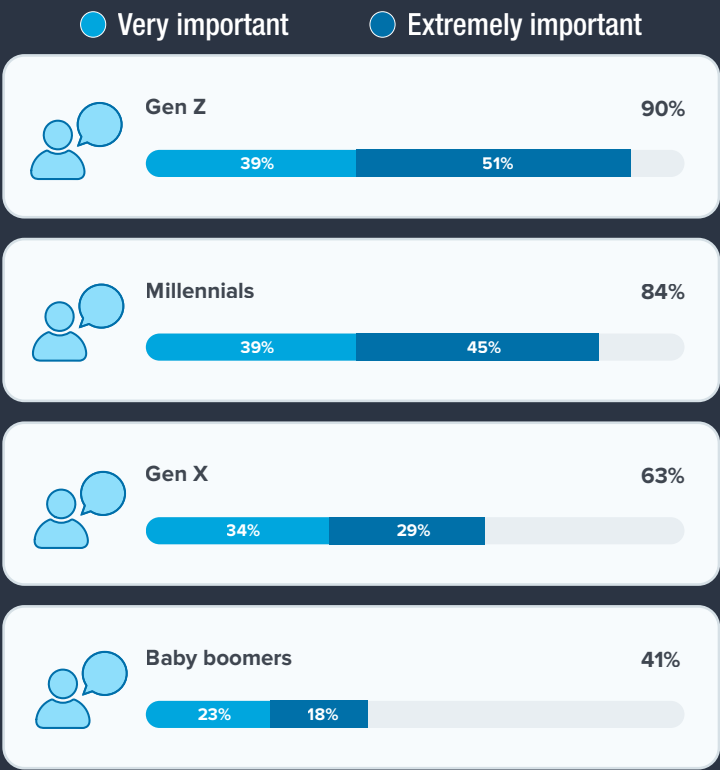
The demand for digital access has not diminished the value of human expertise. Three-quarters of employees say access to a benefits advisor is important, while the share of employers offering that access has fallen over time. The direction of these competing trends matters: Employee demand for guidance is rising as its availability declines.

Employee demand for advisor access reached 74% in 2026, while the share of employers providing access fell to 61% — a 13-percentage-point gap.



Employee question: How important is it that you have access to a benefits advisor when making your benefits selections?
Employer question: In which ways can your employees manage their benefits (for example, enroll in a policy, make changes and check coverage)? | Phone and/or face to face with advisor

Advisor access matters to 90% of Gen Z and 84% of millennials, compared with just 63% of Gen X and 41% of baby boomers.

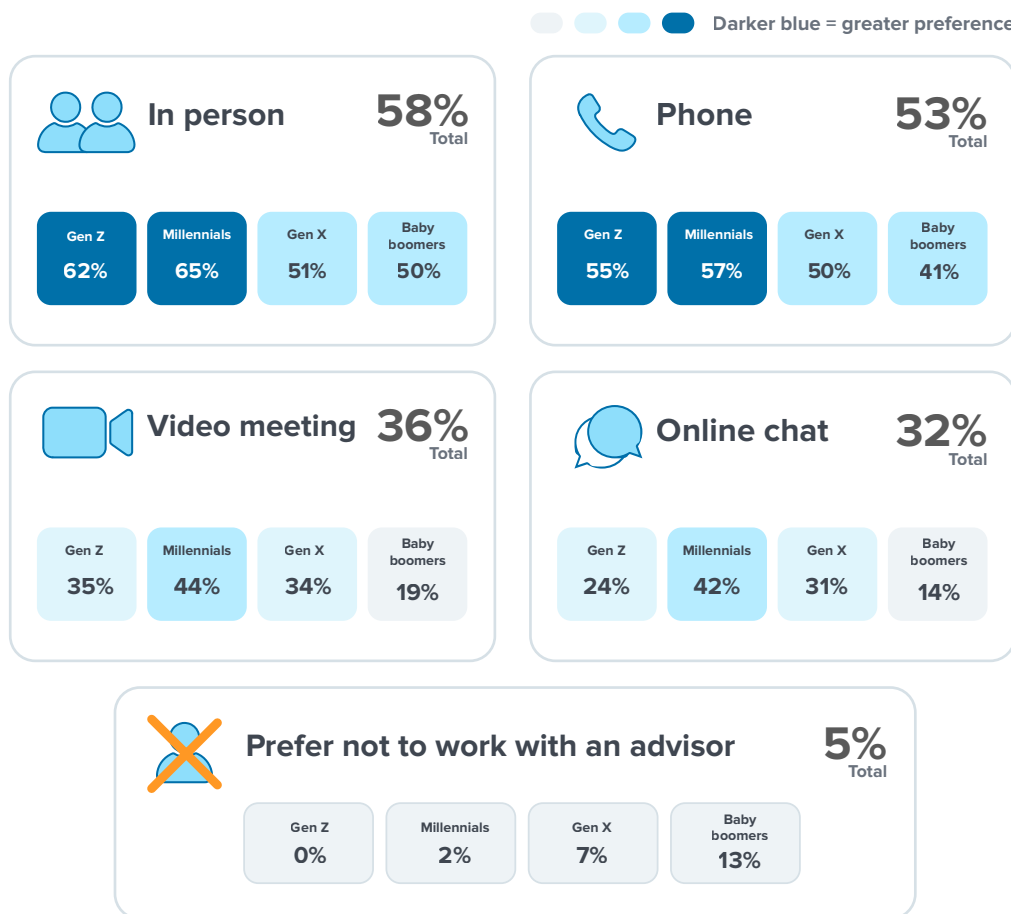


Question: How important is it that you have access to a benefits advisor when making your benefits selections? | Top 2 Box summary by generation

49 Percentage-point gap between Gen Z and baby boomers

Employees also want flexibility in how they receive personalized support from a benefits advisor. In-person guidance remains important, but younger employees are particularly open to phone, video and chat-based options. They are not asking employers to choose between technology and people. They want straightforward questions handled conveniently and more consequential decisions supported by someone who can provide interpretation and personal context.

In-person (58%) and phone conversations (53%) lead overall, while millennials show the broadest channel interest, including video meetings (44%) and online chat (42%).



Percent selecting each communication method; multiple responses permitted.

Question: How do you prefer to talk with a benefits advisor?

The design principle is straightforward: Use digital tools for reach and routine access while making the path to human help easy to find. A benefits experience becomes more scalable when employees can answer simple questions independently, but it becomes more trustworthy when they know where to turn when the answer is not simple.

EMPLOYER TAKEAWAY

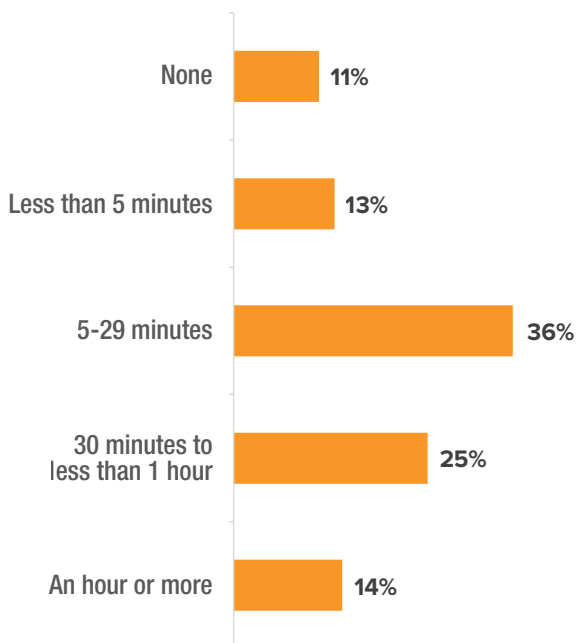
Build benefits support as a connected system rather than a choice between digital and human channels. Employees should be able to seamlessly move from self-service information to qualified personal guidance without starting over.

Enrollment must become more active and more personal

Three in 5 employees spend less than 30 minutes researching their benefits during enrollment, and the majority make no changes from year to year. That may mean current choices continue to fit, but it may also reflect inertia, limited time, difficulty comparing options or a belief that the differences are not worth the effort required to understand them.

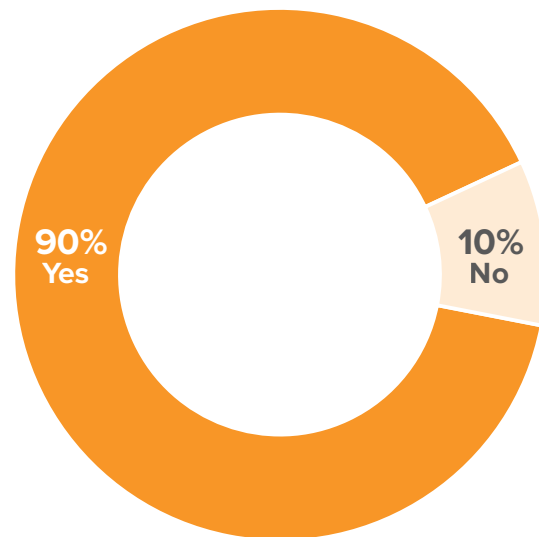
The distinction matters. Low activity should not automatically be interpreted as satisfaction or informed continuity. Enrollment often asks employees to make financially consequential choices in a compressed window, using information that may be difficult to translate into likely household costs. If the experience does not help employees see what has changed or why a different option may fit better, defaulting to last year's choice may feel like the easiest response.

Three in 5 employees spent less than 30 minutes researching their benefits, including 11% who spent no time at all; only 14% spent an hour or more.



Question: How much time did you spend researching your benefits options during your last open enrollment?

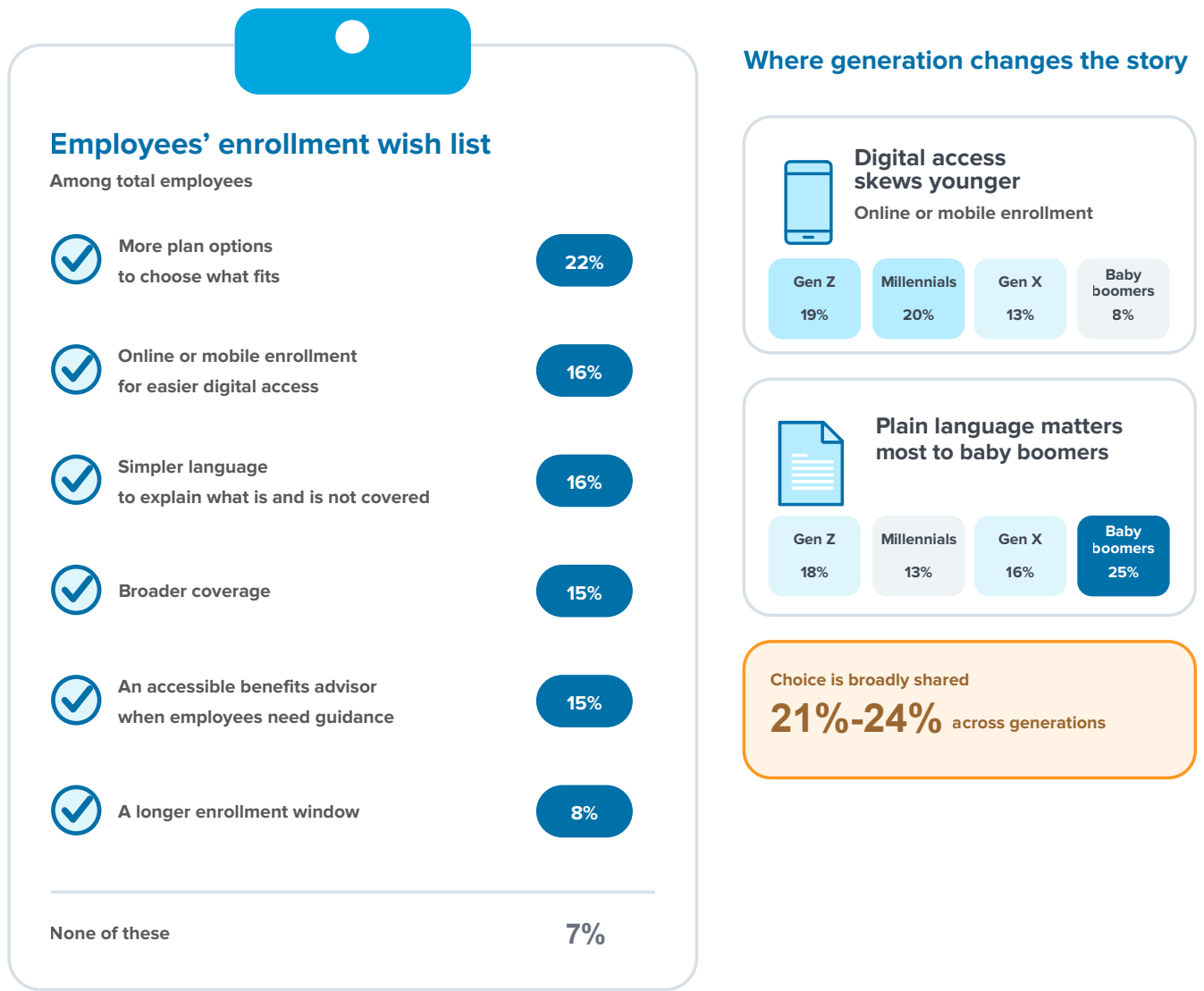
Nine in 10 employees repeat the same benefit choices each year; among those who make a change, new options (55%) and life events (35%) are the leading prompts.



Question: Do you choose the same benefits (e.g., medical, dental, vision, etc.) year after year?

Employees express the greatest interest in resources that make the benefits enrollment decision easier in real time. Younger workers are more likely to prioritize digital access and advisor support, while older employees place greater emphasis on simplicity. Across life stages, the request is fundamentally the same: Help employees move beyond reviewing a list of options and understand which choices fit their needs.

Plan variety is top-of-mind (22%). Digital enrollment stands out more among Gen Z and millennials (19% and 20%), while simpler language is particularly important to baby boomers (25%).



It creates an opportunity to make enrollment more active without making it more burdensome. Relevant prompts, side-by-side comparisons, life-stage examples and access to an advisor can help employees focus on the decisions that require attention. The goal is not to force change each year. It is to make staying with the same coverage an informed choice rather than a passive default.

AFLAC IN ACTION: Pairing digital convenience with personal support

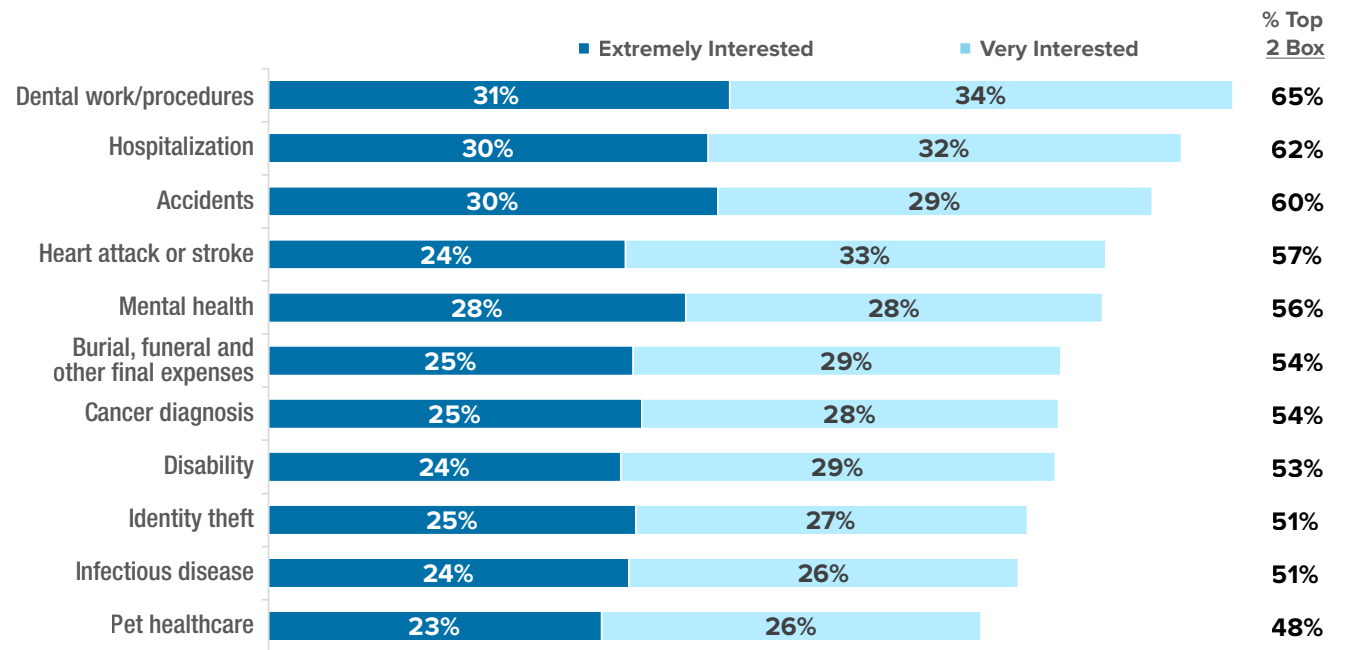
Aflac combines digital enrollment capabilities with access to licensed benefits advisors. Employers can integrate Aflac enrollment into leading benefits platforms including supplemental insurance offerings or use Aflac's enrollment technology, supported by customized communications and consultation scheduling to give employees multiple ways to engage.



Demand for supplemental protection is high, but relevance ultimately drives enrollment

Employees increasingly recognize that major medical coverage may not address all the financial challenges associated with an illness or accident, including out-of-pocket expenses and potential income disruption. Ninety-five percent agree that supplemental insurance is a key part of a comprehensive benefits program, and interest spans both routine and catastrophic needs, from dental and hospitalization coverage to accident and serious-illness protection.

Dental (65%), hospitalization (62%) and accident protection (60%) generate the most interest, while at least half of employees express interest in all but one category measured.

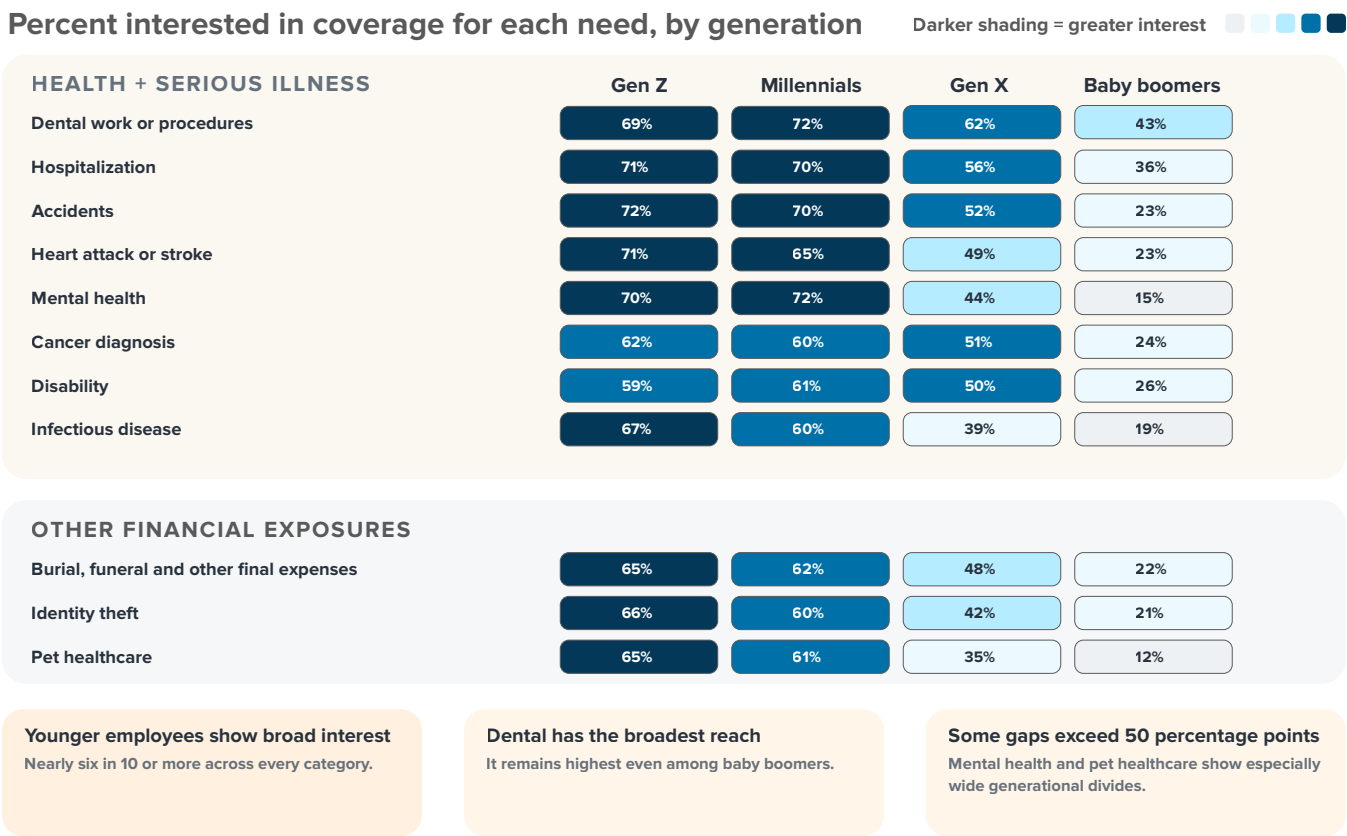


Question: How interested are you in purchasing supplemental benefits and/or other insurance plans to help offset financial costs related to ...



Demand for supplemental coverage is strongest among Gen Z and millennials. These are also the employees most likely to ask benefits questions and seek guidance through multiple channels. Their interest creates an opportunity for employers, but it also raises the standard for explaining how supplemental coverage works, what expenses it may help address and how it fits alongside major medical insurance.

Gen Z and millennials express majority interest across every category measured, including cancer coverage (62% and 60%) and accident insurance (72% and 70%).

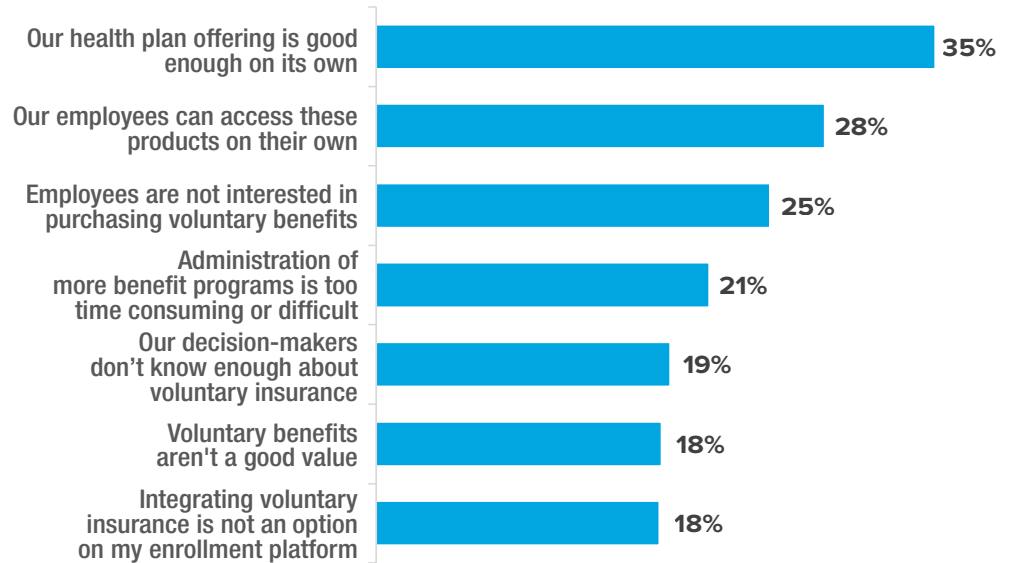


Question: How interested are you in purchasing supplemental benefits and/or other insurance plans to help offset financial costs related to ...



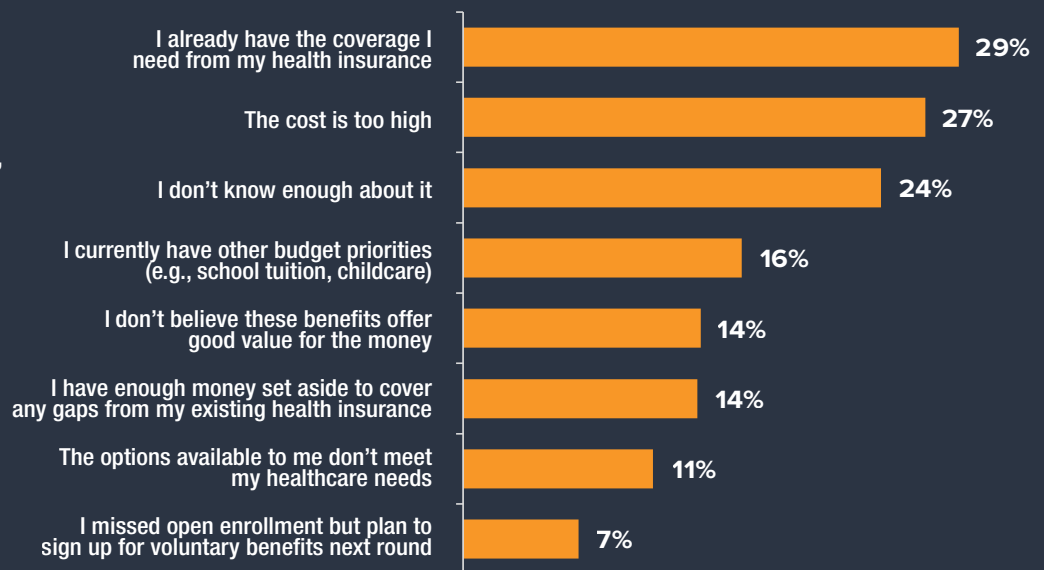
Availability to supplemental benefits has expanded, but access and understanding continue to affect enrollment. Among employers that do not offer supplemental insurance, common reasons include a belief that existing medical coverage is sufficient or that employees can obtain similar products elsewhere. Among employees who are offered coverage but do not enroll, the leading barriers include cost, perceived overlap with existing coverage and limited understanding of the product.

Only 31% of employers say they offer supplemental insurance. Among those that do not, 35% believe their health plan is sufficient, and 28% say employees can access these products independently.



Employer question: Why don't you offer voluntary insurance benefits to your employees? *Asked among employers who do not offer supplemental benefits.

Although 73% of employees claim to have access to supplemental options, non-enrollees most often cite existing coverage (29%), cost (27%) and limited knowledge (24%) as reasons they do not enroll in voluntary benefits.

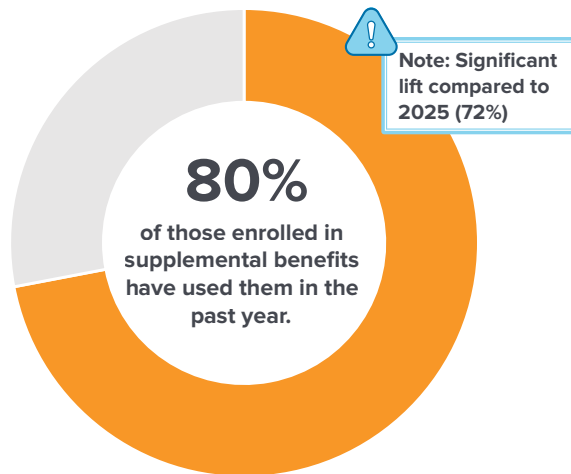


Employee question: Why didn't you enroll in voluntary benefits? *Asked among employees who are offered supplemental benefits, but do not enroll.

Those barriers point to a relevance problem rather than a lack of interest. Employees may recognize the value of additional coverage while remaining uncertain about how a specific product fits their individual circumstances. Employers and benefit providers therefore have an opportunity to connect coverage options to common financial considerations such as deductibles, hospital stays, missed income and other out-of-pocket expenses without embellishing what the product covers.

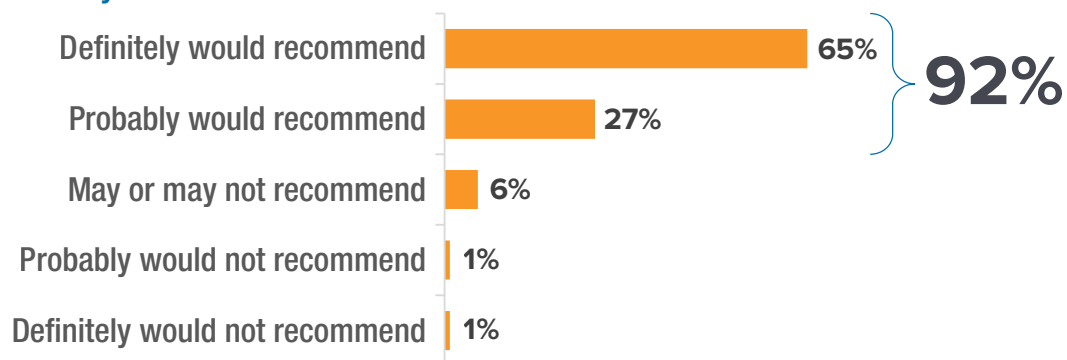
Once employees enroll, supplemental benefits are frequently used and highly valued. Eighty percent of enrollees say they used at least one supplemental benefit during the past year, and the large majority (92%) would recommend enrollment to a friend or family member, marking a significant uptick from 87% last year. The remaining opportunity sits between broad category interest and a clear understanding of personal relevance.

Four in five enrollees report using at least one supplemental benefit during the past year.



Question: Have you used any of these benefits within the past 12 months? *Asked among employees who are enrolled in at least one supplemental benefit.

Nearly two-thirds would definitely recommend enrollment, and 92% would recommend it to a friend or family member.



Question: If asked for advice by a family member or friend, how likely would you be to recommend that they enroll in a voluntary benefits program offered by their employer? *Asked among employees who are enrolled in at least one supplemental benefit.

EMPLOYER TAKEAWAY

Explain supplemental coverage through the expenses and distributions employees recognize, with concrete, humanized examples, not through product terminology alone. Employees are far better equipped to evaluate the benefit when they understand both what it may cover and the expenses major medical coverage may leave behind.



Section 2

Decoding Your Benefits



Employees feel more informed, even as potential costly coverage mistakes rise

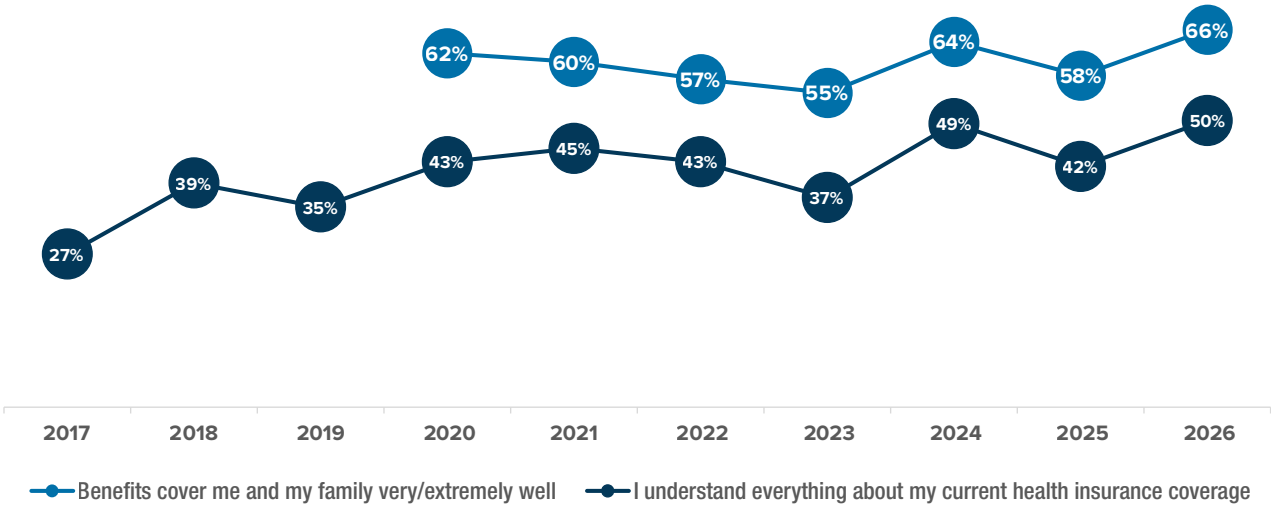
Employees are more confident in their benefits knowledge and more optimistic that their coverage would help protect their families than they were a year ago. Yet, that confidence is not consistently translating into a smoother or less costly experience. More employees report overpaying because they misunderstood their coverage, and even those who say they understand everything still face stress when they choose benefits, submit a claim or negotiate a medical bill.

This tension reveals hidden realities about the employee experience. Knowing the language of a plan is not the same as being able to apply it to a real decision. Employers need a broader standard for success: whether employees can find reliable answers, anticipate costs and navigate their coverage with fewer avoidable surprises.

Employee confidence in benefits understanding has meaningfully improved

Half of employees now claim to understand everything about their health insurance policy, up from 42% in 2025 and the highest level recorded since this study began tracking this measure. Confidence in protection has improved as well: Nearly two-thirds believe their benefits would cover them and their family well in the event of a serious illness, compared with 58% last year.

Employees claiming complete policy understanding has reached 50% while 66% now rate their serious illness coverage very or extremely well.



Question: Thinking about your current health insurance coverage, how well do you understand your overall policy?

Question: How well do your benefits cover you and your family if you were to come down with a serious illness?

These gains demonstrate real progress. Employees are entering the benefits experience with a stronger sense that they understand what they have and that their coverage will respond when needed. It stands to reason that employers may be communicating more effectively, employees may be engaging more actively or both may be contributing to the improvement.

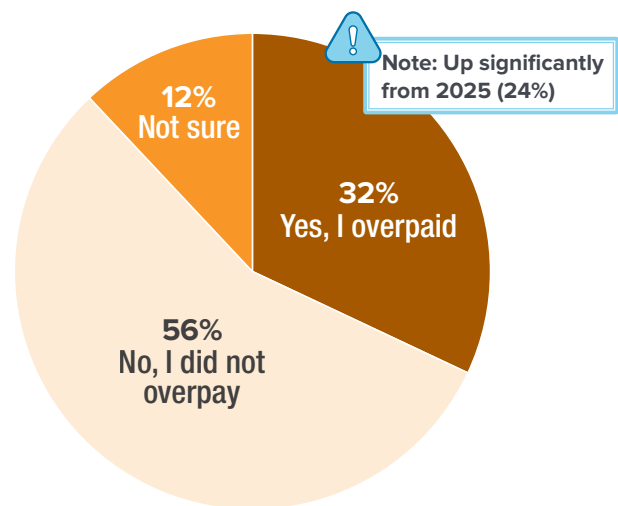
The more difficult test comes when employees apply that knowledge: estimating a cost, comparing options, submitting a claim or determining whether or not a service will be covered. “Confidence” describes how employees feel entering the decision-making process. However, it does not establish whether the decision will be easy or whether the financial result will match their expectations.

Costly mistakes expose the limits of self-reported understanding

Despite claiming record-high levels of policy understanding, the share of employees who say they overpaid for healthcare because they misunderstood their coverage increased significantly from 2025. Even among employees who say they understand everything about their policy, 35% report making this type of costly mistake.

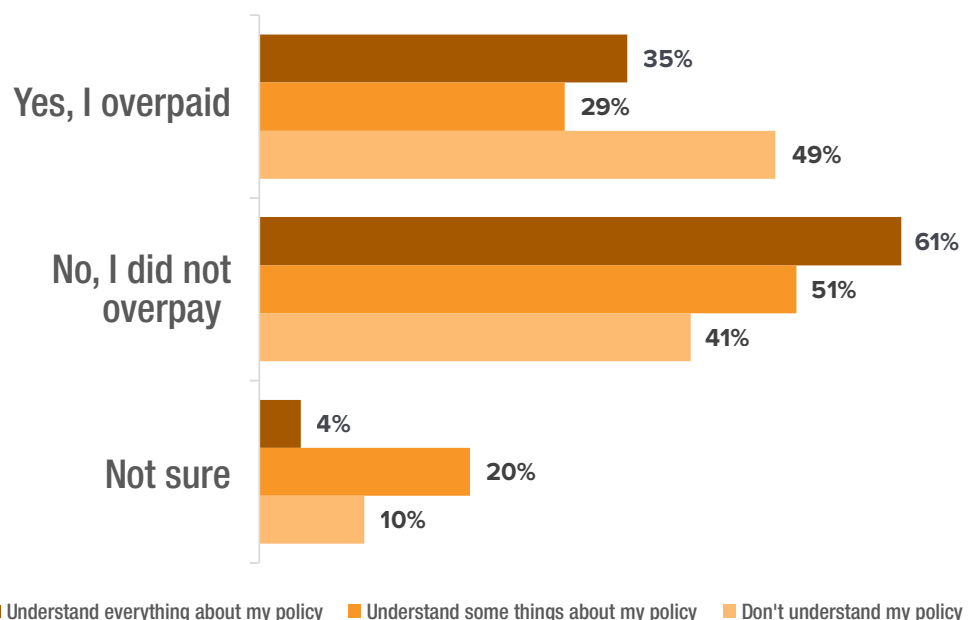
Employees with stronger understanding are still less likely to overpay than those who report limited understanding, so education clearly matters. But the persistence of mistakes among the most confident employees reveals a gap between knowing plan terminology and applying it accurately to a real healthcare decision. A person may understand what a deductible or network is yet still misjudge how the rules interact in a particular situation.

Nearly one-third (32%) of employees say they overpaid because they misunderstood their coverage, up significantly from 24% in 2025.



Question: To the best of your knowledge, did you overpay for any healthcare-related expenses in the past 12 months because you did not understand how your insurance works or what it covered at the time?

Nearly half (49%) of employees who do not understand their policy report overpaying, but the rate remains 35% even among those who claim to understand everything.



Question: To the best of your knowledge, did you overpay for any healthcare-related expenses in the past 12 months because you did not understand how your insurance works or what it covered at the time?

Self-reported understanding is therefore only one measure of whether a benefits program is working. Employers should also consider whether employees can identify the most appropriate option for their needs, anticipate likely costs and leverage their coverage without avoidable financial consequences. Employees need the clarity and support to make informed decisions in a system that remains complicated.

EMPLOYER TAKEAWAY

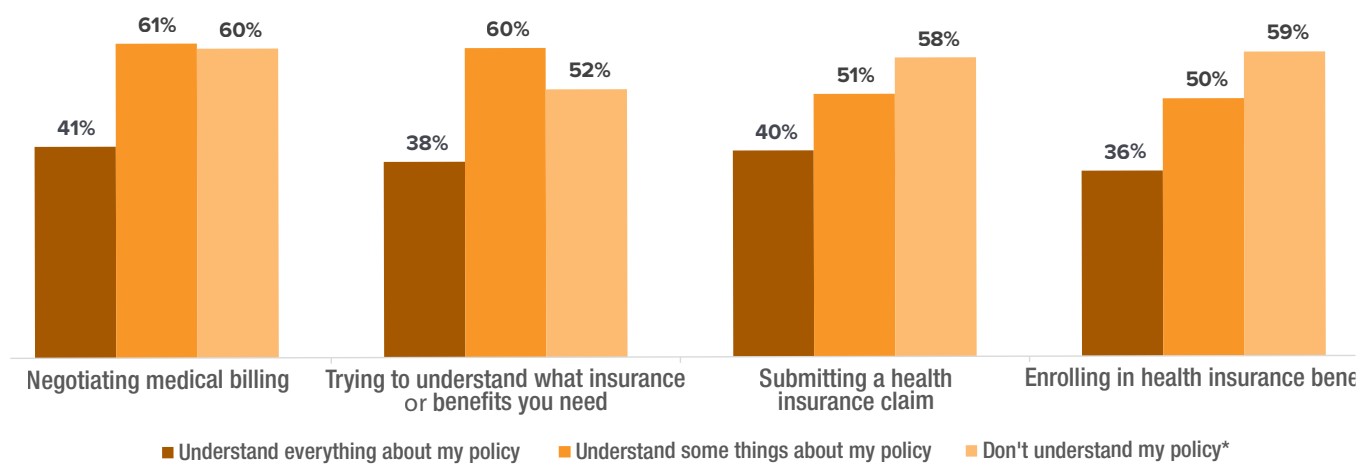
Treat self-reported understanding as a starting point, not proof that the benefits experience is working. Feeling informed matters, but employees also should have resources to be able to accurately compare coverage, anticipate likely costs and know where to turn when a claim or bill does not match expectations.

Policy understanding improves the experience, but it cannot remove financial exposure

The benefits experience remains stressful before a medical bill arrives. Roughly half of employees find negotiating a medical bill or determining which benefits they need at least somewhat stressful. Enrolling, submitting a claim and trying to understand coverage also create friction for substantial shares of the workforce.

Employees who fully understand their policies report less stress across these activities, reinforcing the practical value of clear education. But understanding does not greatly reduce stress. Claims, bills and coverage decisions still require employees to translate rules and terminology into choices with personal and financial consequences.

Employees who understand everything report less stress across all four benefits activities measured, yet 36%-41% still find enrollment, claims, billing or choosing coverage stressful.



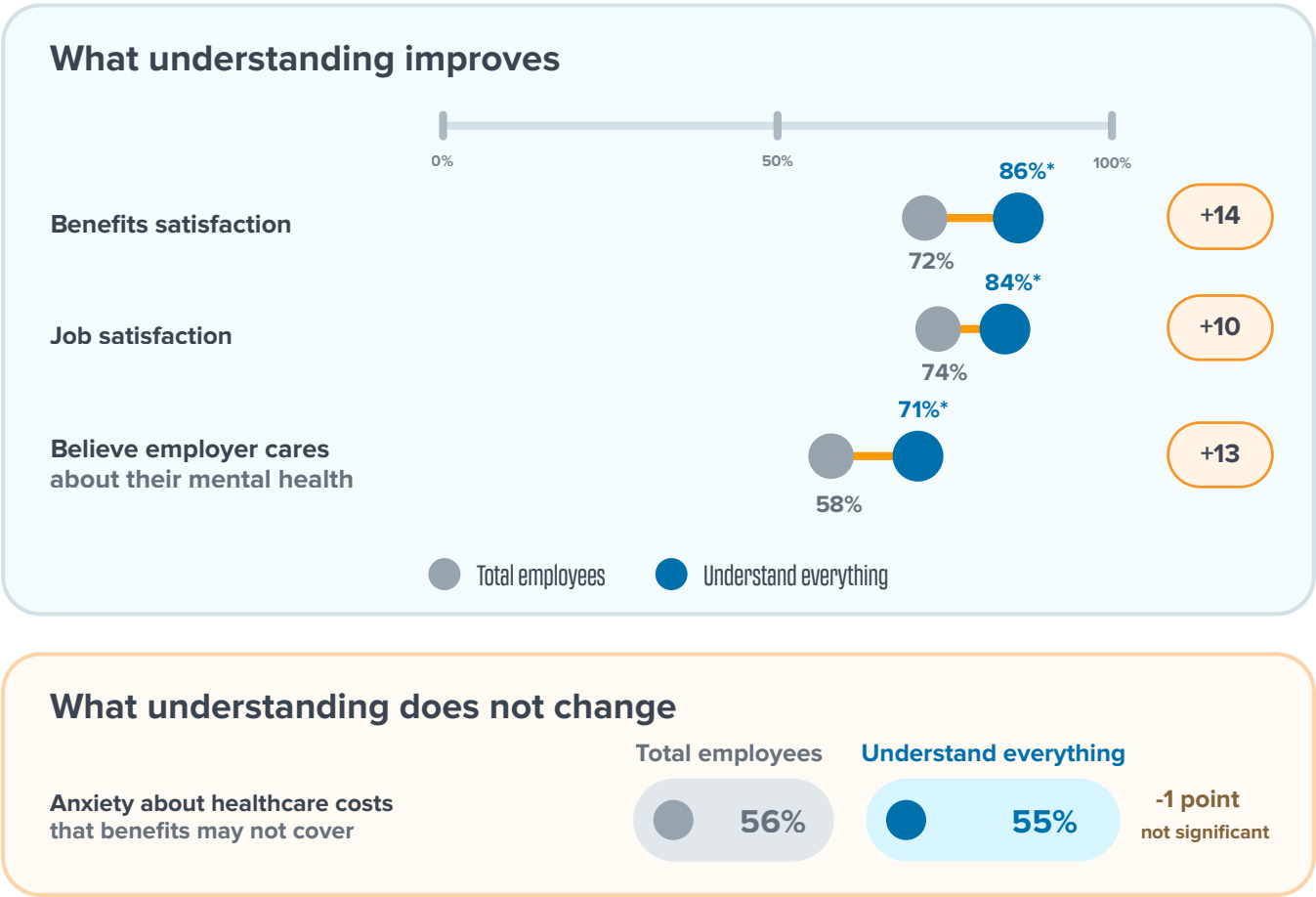
Question: How stressful is ...? | % Top 2 Box summary by self-reported benefits understanding.



Stronger policy understanding is associated with a more positive employee experience beyond day-to-day navigation. Employees who say they understand everything are more satisfied with their benefits and jobs — and more likely to believe their employer cares about their mental health. Eighty-six percent are satisfied with their benefits, compared with 72% overall; 84% are satisfied with their jobs, compared with 74%; and 71% believe their employer cares, compared with 58%. They are also much more likely to say they understand their total annual healthcare expenses.

Yet one important measure barely moves. Fifty-five percent of employees who understand everything remain anxious about healthcare costs their insurance may not cover, essentially identical to the workforce average of 56%. Clearer information can improve the benefits experience and strengthen perceptions of the employer, but it cannot remove the financial exposure built into the coverage.

Employees who understand everything are 10-14 percentage points more positive on benefits satisfaction, job satisfaction and employer care, while anxiety about non-covered healthcare costs is statistically unchanged.



* Significantly higher than total employees using part-to-whole testing at the 95% confidence level.

Question: How satisfied are you with the overall benefits package offered to you by your employer at this time? // Overall, how satisfied are you with your job? // How much do you believe your employer cares about your overall mental health? // How much anxiety do you feel about healthcare costs beyond what is covered by your health insurance?

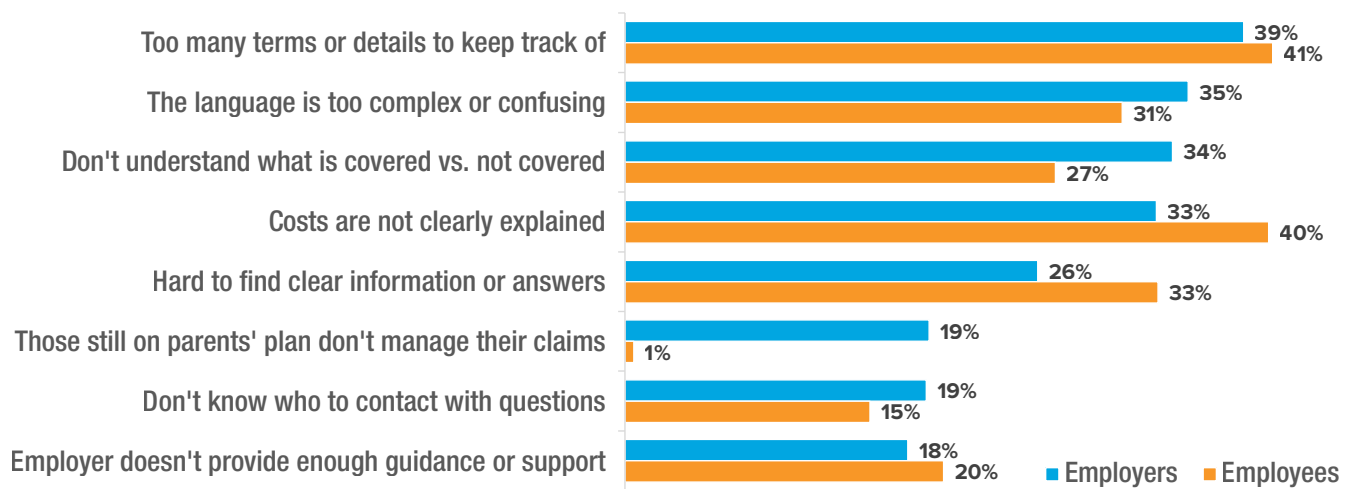


This distinction separates two needs that are often treated as one. Employees need clearer information so they can navigate coverage effectively, and they need meaningful protection from the costs that remain after insurance pays. Better communication can address the first need. It does not, by itself, solve the second.

Benefits friction has no single source

Yet the improvement in self-reported understanding does not mean employees encounter no difficulty using their benefits. Employers and employees point to a mix of complex terminology, dense plan details, unclear costs and information overload. The remaining friction is distributed across the benefits experience rather than tied to one missing explanation.

Employees most often cite too many details to track (41%) and unclear costs (40%) as barriers to understanding; employers also recognize complexity but are less likely to identify cost clarity as a problem (33%).

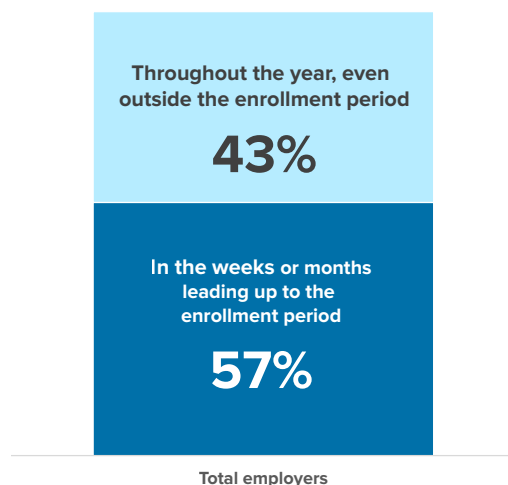


Employer question: What makes it difficult for your employees to understand their health insurance coverage today?

Employee question: What makes it difficult to understand your health insurance coverage today?

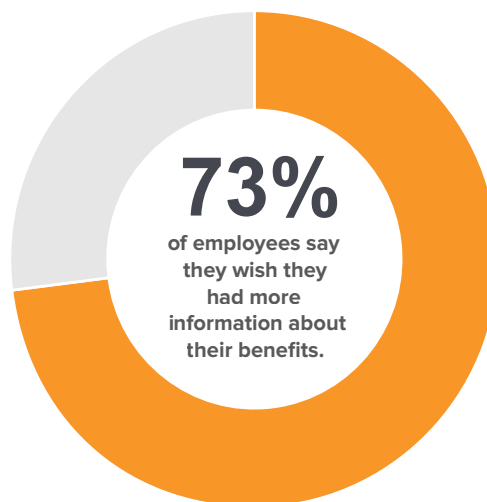
Nearly three-quarters of employees want more information about their benefits, even though many employers communicate throughout the year. That does not necessarily mean employers need to produce a greater volume of material. More information can add to the burden when it repeats technical details without helping employees answer the question in front of them.

Benefits communication remains concentrated around enrollment: 57% of employers communicate in the weeks or months beforehand, compared with 43% that communicate throughout the year.



Employer question: Which of the following best describes when your organization communicates with your employees about their benefits packages?

Despite those communications, 73% of employees say they still want more information about their benefits.



Employee question: Do you want more or less information about your healthcare benefits from your organization?

The more useful response is to organize information around decisions rather than documents. Employees need to understand what has changed, what a choice could cost, which risks it addresses and where to go when the answer depends on their personal circumstances. Static plan descriptions and annual enrollment communications remain necessary, but they cannot carry the entire experience.

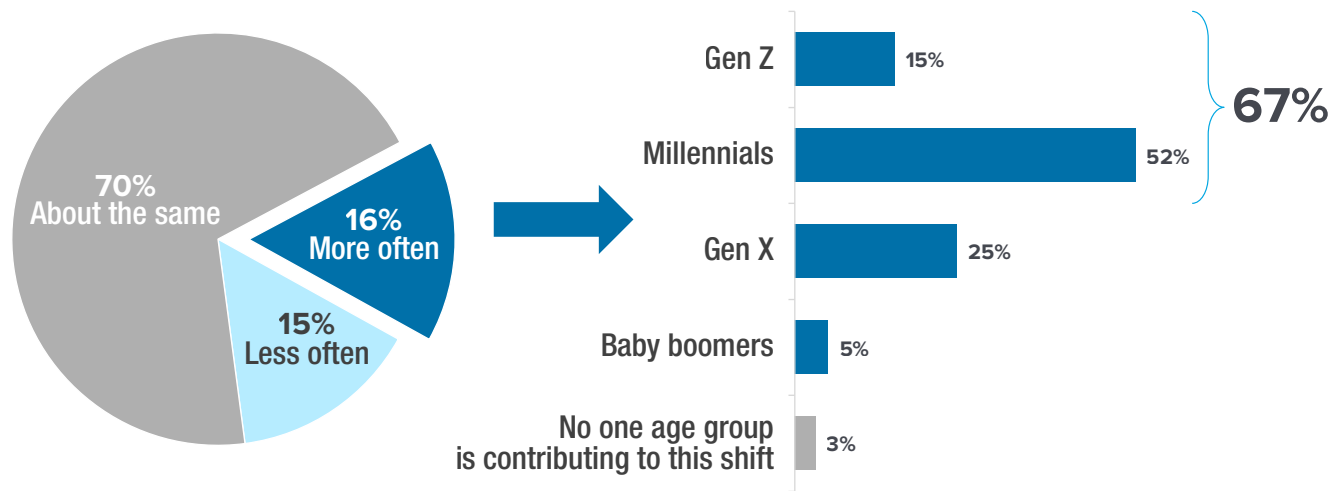
EMPLOYER TAKEAWAY

Audit communications for decision usefulness, not simply completeness. The strongest materials will help employees answer a specific question, compare realistic options and recognize when they need additional guidance. And remember, employees who better understand their benefits report higher job satisfaction, which could positively impact retention of good employees.

Younger employees are asking for more from benefits support

Most employers have not experienced a dramatic increase in benefits questions during the past year. Among those fielding more inquiries, however, younger generations are most often identified as the source. Employees echo this sentiment: Gen Z and millennials combined are substantially more likely than older employees to contact HR with benefits questions.

Only 16% of employers are fielding more benefits questions than a year ago; among them, 52% say millennials are contributing most to the increase.



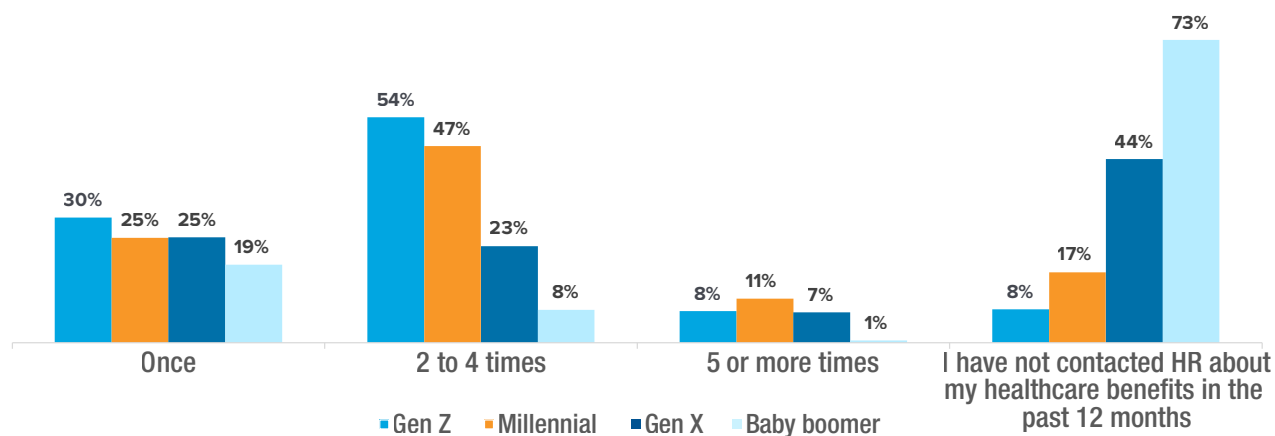
Question: Compared to one year ago, how often do you receive healthcare benefits-related questions from employees?

Question: Which, if any, employee age group would you say is contributing most to the increase in healthcare benefits-related questions? *Asked among those employers fielding more questions





Roughly 6 in 10 Gen Z employees (62%) and millennials (58%) contacted HR at least twice about benefits, compared with just 31% of Gen X and 9% of baby boomers.



Question: In the past 12 months, how many times did you contact HR about your healthcare benefits?

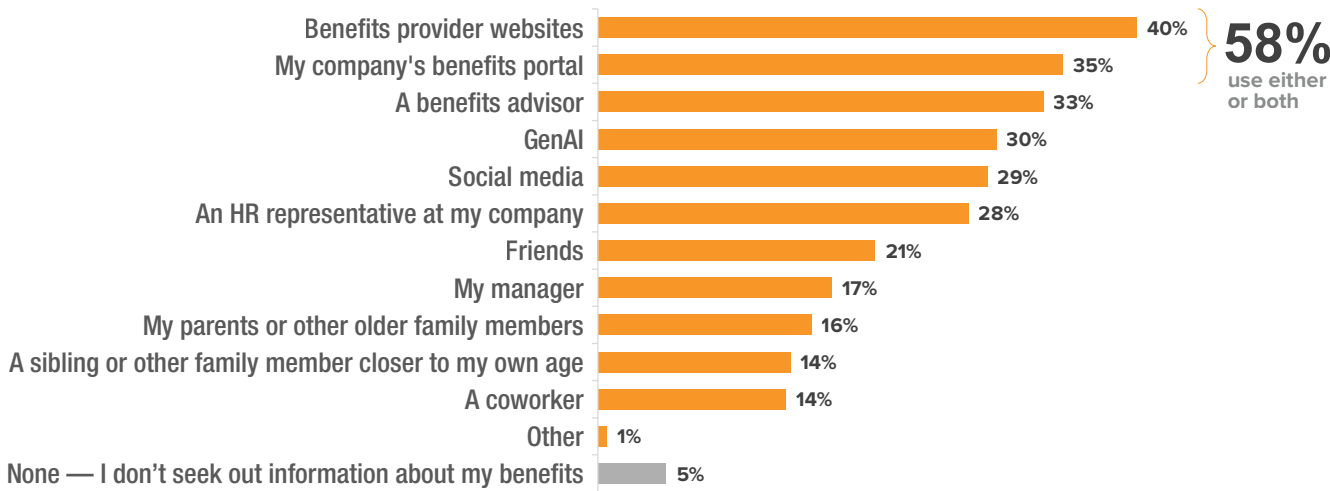
That pattern should not be treated as evidence that younger employees are uniquely incapable of understanding coverage. They also are the generations most likely to expect immediate access, consult multiple channels and seek personalized guidance. Asking more questions may reflect greater engagement with benefits as much as greater confusion.

Their behavior does create a capacity challenge. An information model built primarily around annual enrollment and one-to-one HR responses will be difficult to scale as younger employees become a larger share of the workforce. Employers need tools that can answer routine questions consistently while preserving a visible route to human expertise for issues that require judgment or reassurance.

Use of GenAI signals engagement, not self-sufficiency

Nearly one-third of employees have used generative AI (GenAI) to find benefits information. Those employees appear to be more engaged with their benefits across nearly every measure. Compared with nonusers, they are more likely to say they understand their healthcare costs (79% vs. 58%) and their policies (62% vs. 45%). They are also more confident their benefits would protect them during a serious illness and report less stress across several benefits navigation activities.

One in three employees use GenAI to research benefits; nearly as many turn to a benefits advisor (33%) or their company's benefits portal (35%).



Question: When you need to learn more about benefits (what options to choose, how to enroll, etc.), where do you go for more information? Select all that apply.

AFLAC IN ACTION

Using AI to improve access without removing people

Through the Workday Wellness Partner Program, Aflac is integrating supplemental health insurance products and services with a platform designed to use AI-driven recommendations to help employers improve benefits offerings and streamline administration. Aflac also leverages AI to help customer service representatives locate answers more efficiently while retaining human involvement in sensitive or complex interactions. This model aligns with what employees are looking for: faster access and greater personalization without treating technology as a substitute for trusted information or human judgment.



But GenAI users have not stopped looking for help. Sixty-four percent have contacted HR at least twice with benefits questions, compared with 37% of nonusers, and 85% want more information from their employers, compared with 68%. Interestingly, they are also more likely to say they overpaid for healthcare in the past year because they misunderstood their coverage: 41% versus 29%.

The pattern does not show that AI caused greater understanding, reduced stress or helped avoid making costly mistakes. More engaged employees may be more likely to use every available source, including AI. Some may turn to it after encountering a difficult question, and others may be more likely to recognize that an overpayment may have occurred. The safer conclusion is that GenAI use identifies a highly active benefits audience.

For employers, the opportunity is to determine where AI can strengthen benefits communication and education without over-relying on it or treating it as a one-size-fits-all solution. AI can make approved plan information easier to locate, translate and explore, but its value depends on reliable source content, appropriate privacy safeguards and a clear path to human expertise when an answer is uncertain or consequential.

EMPLOYER TAKEAWAY

Leverage AI as another doorway into the benefits experience. Its value depends on the quality of the information behind it and how easily employees can reach a knowledgeable person when an answer is uncertain or consequential.





Section 3

Fiscal fitness for care

One medical event can expose the gap between feeling secure and actually being prepared

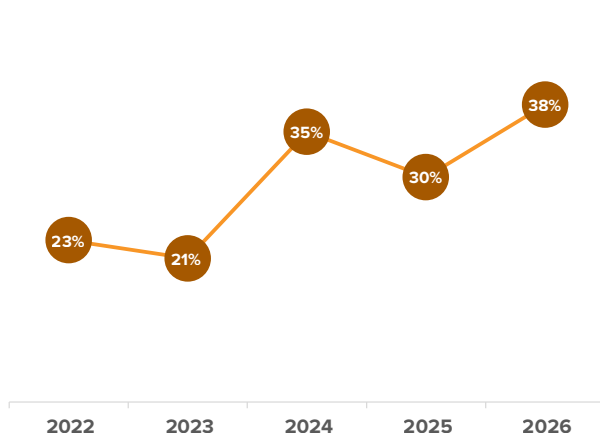
Feeling confident in major medical coverage does not necessarily mean being financially prepared for a serious illness or injury. Employees may understand how their plan works and feel secure in their day-to-day finances while still lacking the savings or financial resources to absorb out-of-pocket costs, lost income and the expenses surrounding care.

That exposure can help shape decisions before, during and after a medical event. It can influence whether employees seek treatment, how they manage out-of-pocket expenses and how financial strain follows them into the workplace. The financial consequences of illness are not limited to what appears on a medical bill — and understanding one's coverage does not eliminate the costs and income disruption that remain.

Financial overconfidence masks a frayed safety net

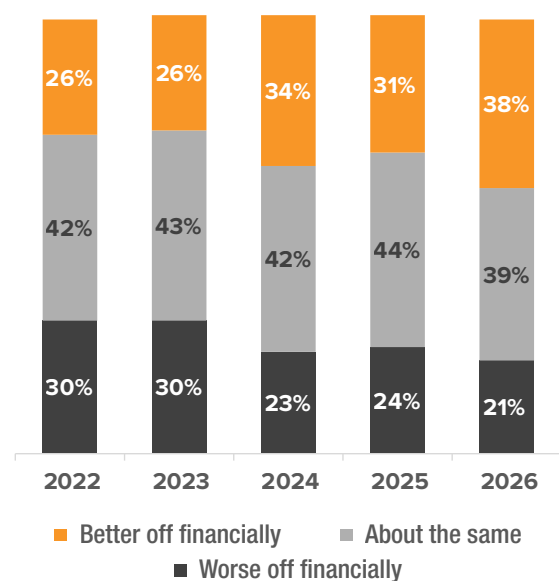
Employees' perceptions of the economy and their personal finances have improved steadily during the past several years. Understanding of total annual healthcare expenses has also reached a record high. On the surface, employees appear to be entering Q4 2026 with a stronger sense of financial control.

Employees are more optimistic about the economy than they were a year ago, continuing the improvement seen during the past several years.



Question: Compared to a year ago, do you think the economy is ...? // % Better

Household financial confidence has also strengthened, with more employees describing their families as financially secure.

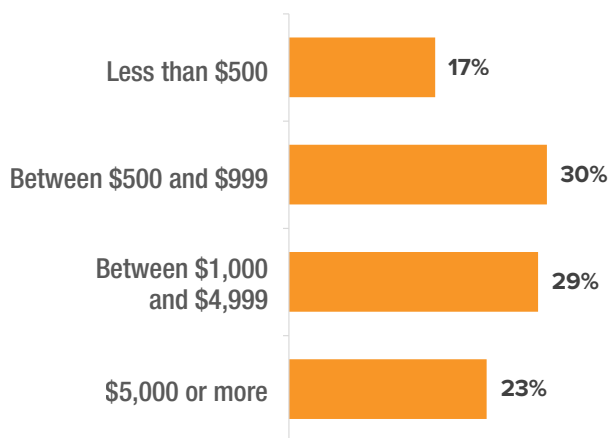


Question: Would you say that you and your family are ...?



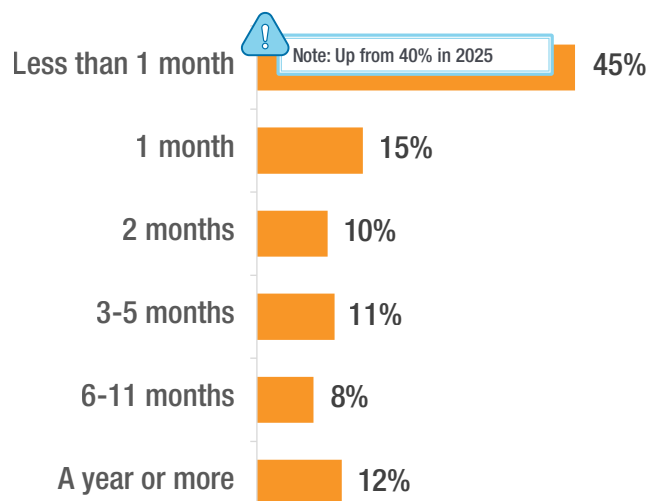
The objective measures of financial cushion tell a more fragile story. Many employees have limited capacity to manage an unexpected healthcare expense, an interruption in income or the two occurring together. Most also believe their savings would help protect their lifestyle for only a limited period following a serious diagnosis.

Nearly half (47%) of employees could not cover a \$1,000 unexpected healthcare expense.



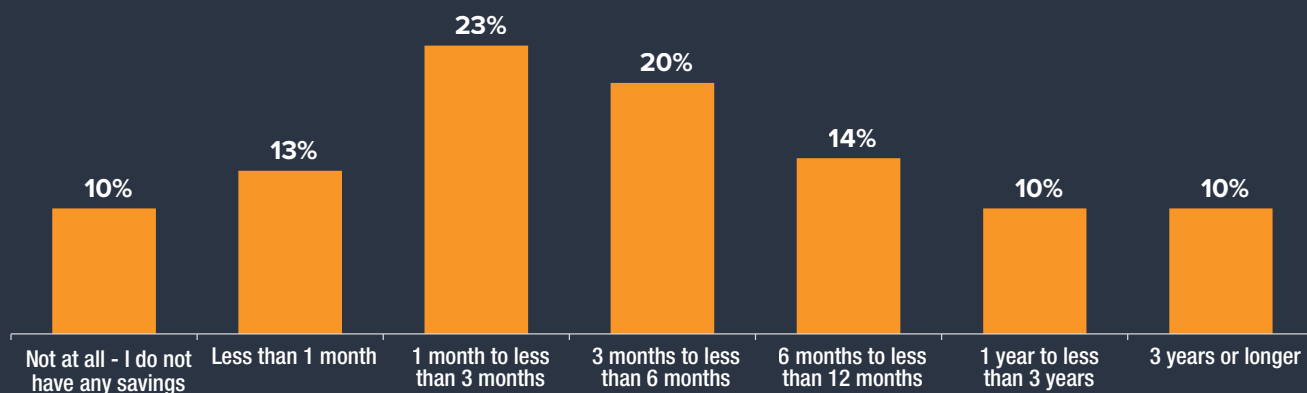
Question: How much would you be able to pay for out-of-pocket expenses if an unexpected serious illness or accident occurred today?

Forty-five percent could manage no more than one month without a paycheck, a significant increase compared to 2025.



Question: How long could you go without a paycheck?

For most employees, savings would provide only a short financial runway after a serious medical diagnosis.



Question: For how long do you believe your savings would protect your current cost of living in the event of a serious medical diagnosis or crisis?

These measures reveal the difference between managing ordinary monthly expenses and being prepared for a disruption. An employee can feel financially stable in day-to-day life while having little capacity for a large medical bill, an interruption in income or both at once. That gap may remain invisible until care is needed.

AFLAC IN ACTION

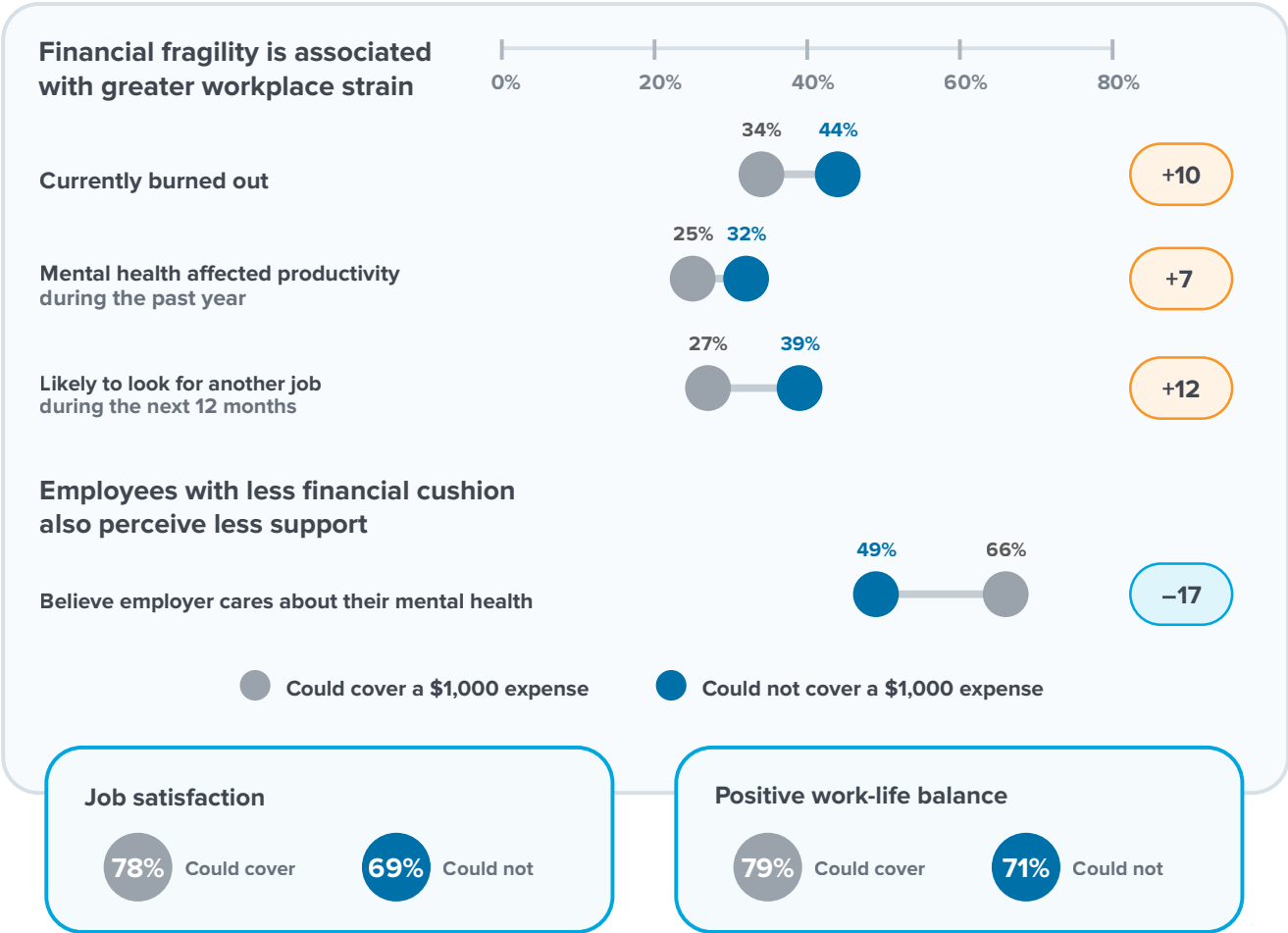
Helping protect a portion of income when an illness or injury interrupts work

Aflac short-term disability insurance can help provide a portion of an employee's income when a covered illness, injury or mental health condition prevents an employee from working. Benefits are paid directly to the policyholder, unless otherwise assigned, and can help with everyday expenses such as housing, utilities, groceries and childcare. This coverage can help address employees' financial exposure beyond what is provided by major medical insurance: the income disruption that can occur while they recover.



Financial fragility follows employees to work

Employees without a \$1,000 cushion are 10 percentage points more likely to be burned out, 12 percentage points more likely to consider leaving and 17 percentage points less likely to feel their employer cares.



All displayed differences are statistically significant at the 95% confidence level.

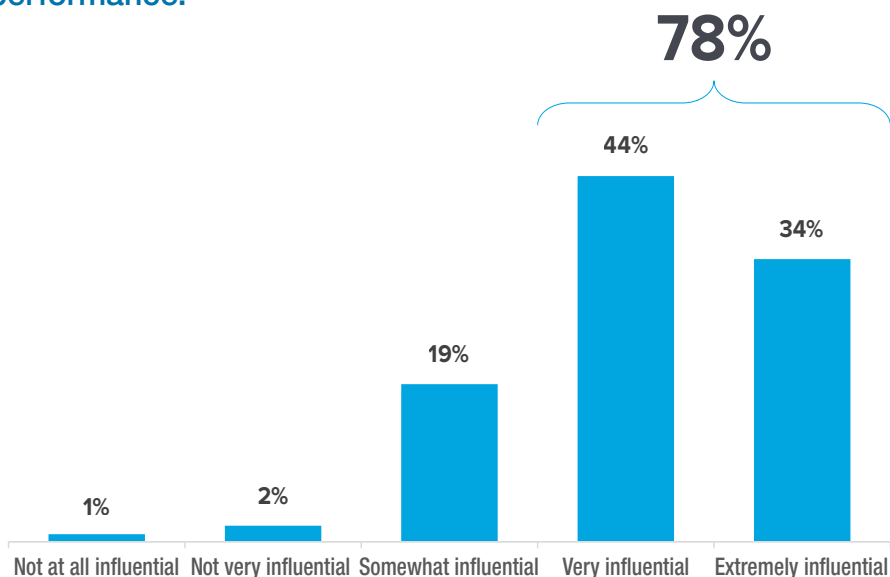
Employees’ ability to absorb a \$1,000 out-of-pocket medical expense is closely associated with how they experience work. Those unable to cover the expense are more likely to report burnout, say their mental health negatively affected their productivity over the past year and expect to look for another job in the coming year. They also report lower job satisfaction and a less positive work-life balance.

The largest difference appears in perceptions of employer support. Only 49% of employees who could not cover a \$1,000 expense believe their employer cares about their mental health, compared with 66% of those who could.

These relationships do not establish that financial fragility causes poorer workplace outcomes. Employees facing limited financial reserves are likely to also be managing other pressures that affect both their finances and their experience at work. However, the pattern still matters: Employees with cost barriers to medical care are also experiencing work less positively across several measures relevant to performance and retention.

Over three-quarters (78%) employers say employees' financial health and security have a meaningful influence on job performance.

Employers already recognize the broader connection between finances and how their workforce shows up. Most believe employee financial security has a meaningful influence on job performance. The employee data gives that belief a more concrete shape. Financial resilience may begin as a household concern, but it does not remain neatly outside the workplace.



Question: How influential do you feel an employee's financial health and security is on their job performance?

EMPLOYER TAKEAWAY

Include healthcare affordability in financial well-being efforts. Make any existing employee assistance program or financial-counseling resources easier to find and pair them with benefits that address out-of-pocket costs and income disruption that planning alone cannot eliminate.

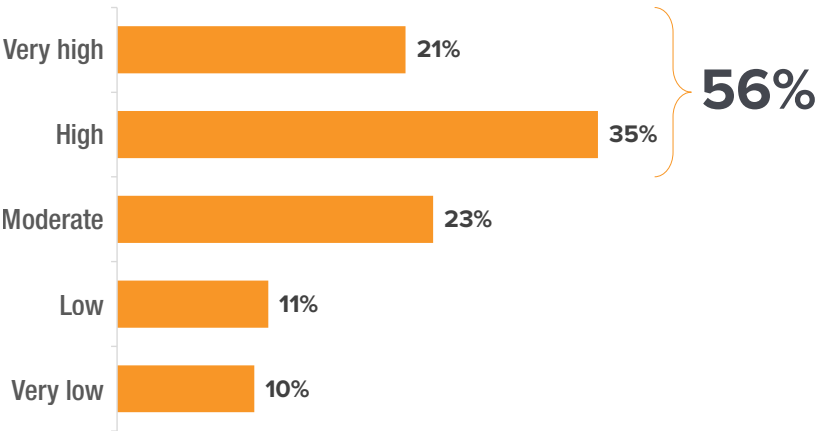


Healthcare affordability shapes when and how employees seek care

Greater financial confidence has not eliminated concern about healthcare affordability. Expenses beyond what insurance covers remain a source of anxiety across much of the workforce and rank among the leading pressures on household finances. The concern is also markedly lower among baby boomers than among younger generations.

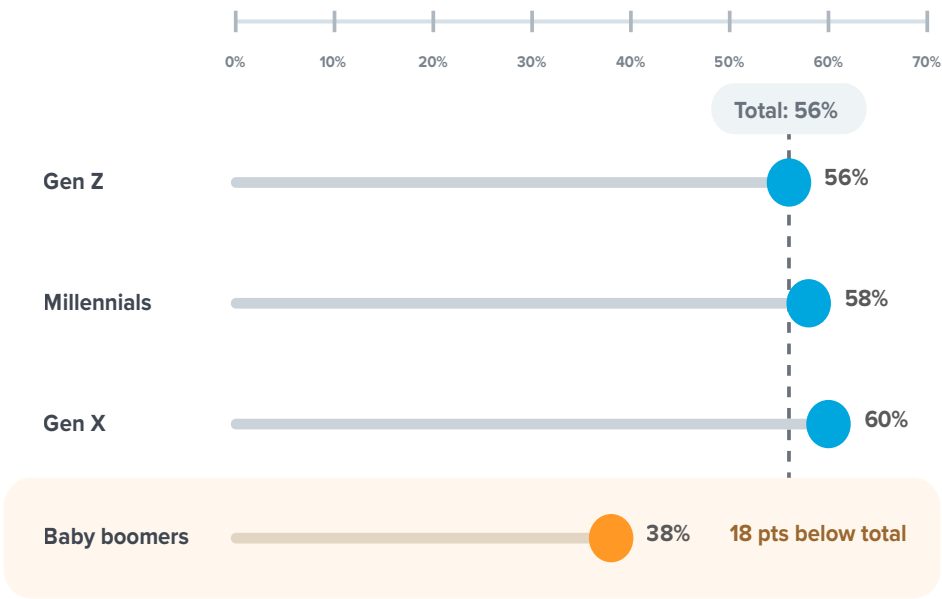
More than half (56%) of employees report high or very high anxiety about healthcare costs beyond coverage.

Question: How much anxiety do you feel about healthcare costs beyond what is covered by your health insurance?



Medical-cost anxiety ranges from 56% to 60% among Gen Z, millennials and Gen X, compared with just 38% of baby boomers.

Healthcare-cost anxiety remains high across generations
Percent reporting high or very high anxiety about costs beyond coverage

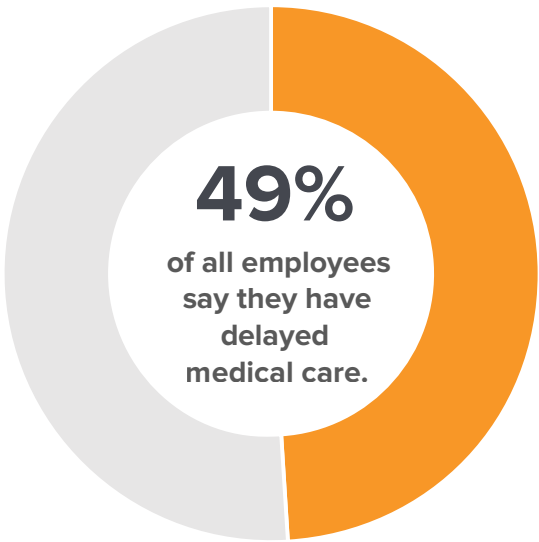


Gen Z, millennials and Gen X are each significantly higher than baby boomers.

Question: How much anxiety do you feel about healthcare costs beyond what is covered by your health insurance? | % Top 2 Box summary by generation

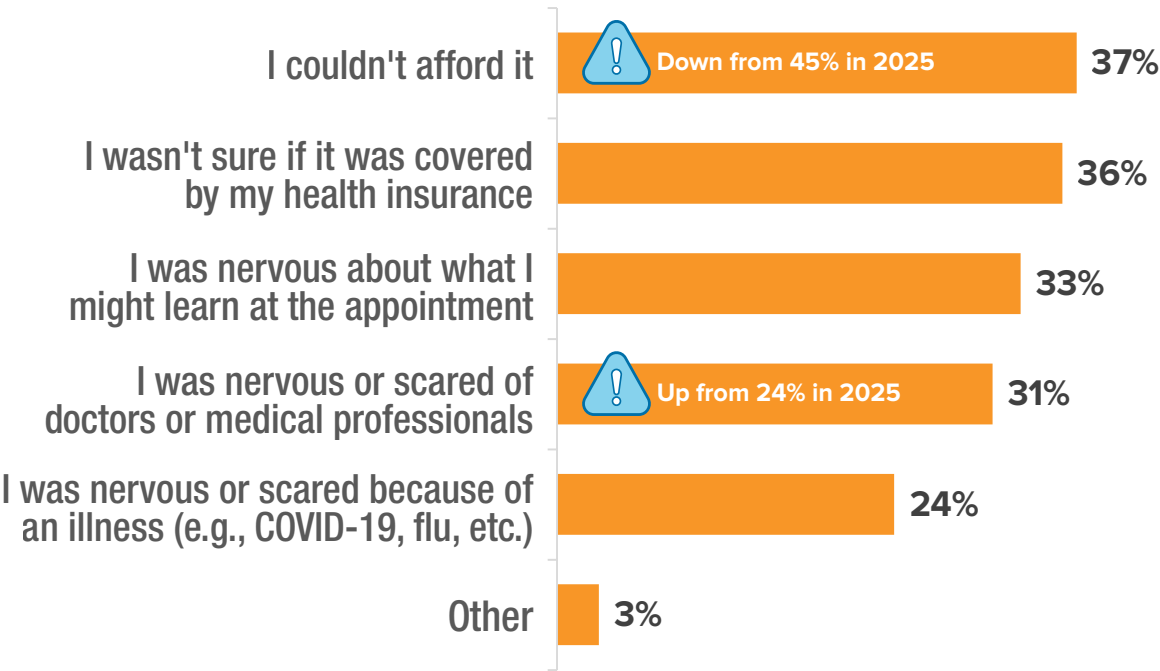
Cost uncertainty is also affecting more than how employees feel; it is shaping when and how some seek care. Delays extend across doctor visits, procedures, prescriptions and diagnostic testing, showing that affordability concerns can influence multiple points in the care journey.

Nearly half (49%) of employees have delayed medical care or a procedure at some point.



Question: Have you ever held off on seeing a medical professional or delayed a medical procedure for any reason?

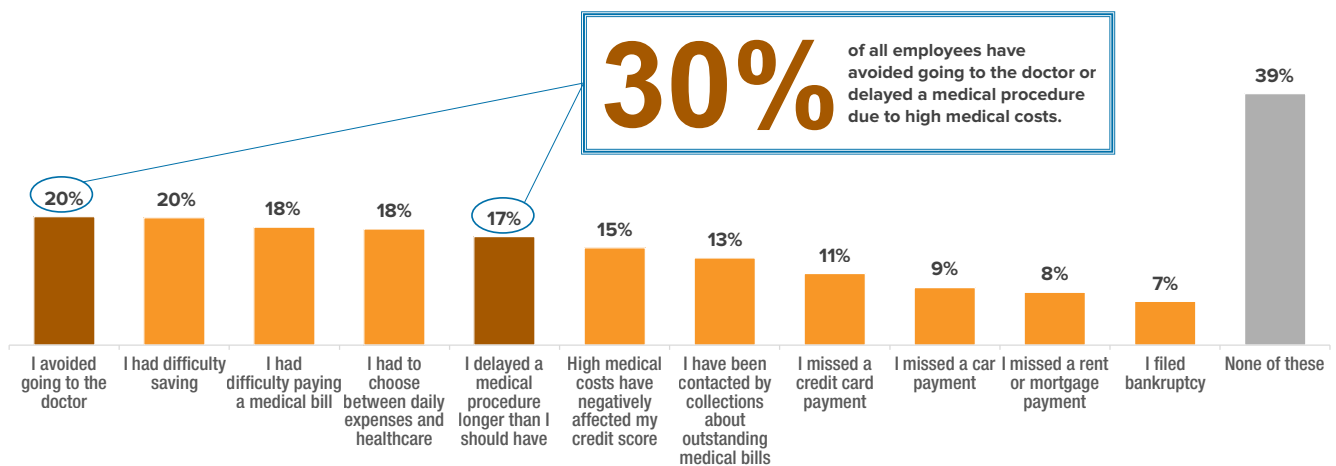
Cost and uncertainty about coverage are the leading reasons employees give for delaying care.



Question: For which, if any, of the following reasons did you delay or avoid medical care or a procedure? *Asked among those who have delayed care.



Nearly 1 in 3 employees have avoided a doctor visit or delayed a procedure because of high medical costs.



Question: Which of the following have ever happened to you personally because of high medical costs?

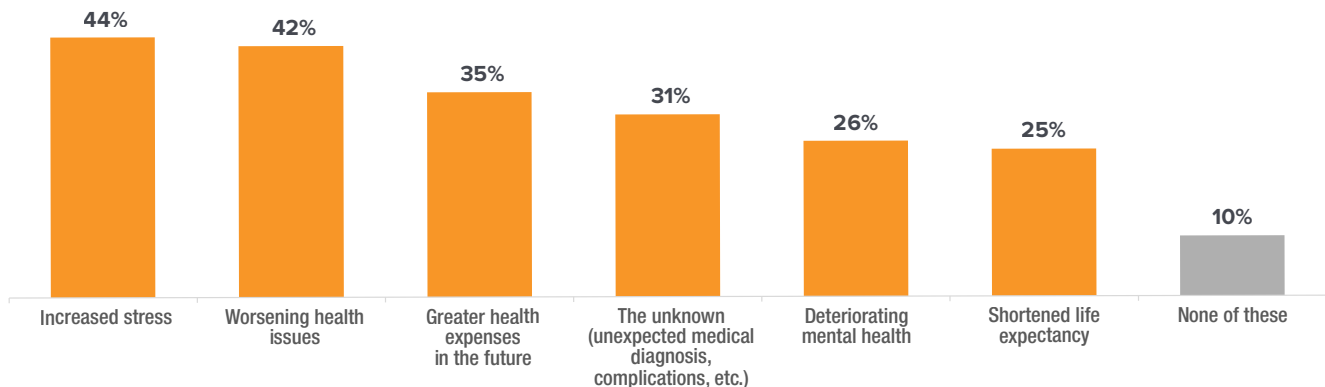
Employees generally understand that delaying care may lead to worse health outcomes and greater costs later. But that longer-term risk can be difficult to prioritize when the immediate expense feels unmanageable. The decision is not necessarily the result of poor health literacy. It can be a rational response to limited financial options

Delaying care can create lasting health and financial consequences

Avoiding or delaying care does not remove the underlying need. Employees who have postponed treatment worry that their condition will worsen, their stress will increase or the eventual cost will end up higher. Delaying care may provide short-term financial relief while increasing uncertainty about both health and future expenses.

Medical costs can also leave a longer-lasting financial mark. Employees report difficulty paying bills, taking on debt, being contacted by collections and experiencing damage to their broader financial well-being. These consequences can deplete savings, strain household budgets and add to the emotional stress employees already carry about their health.

Employees who delay care most often worry about worsening health, added stress and higher costs later.



Question: Are you concerned about any of these issues as a result of delaying medical care or avoiding going to the doctor? *Asked among those who have delayed care or avoided going to the doctor

For employers, delayed care and medical debt create a pathway through which healthcare affordability can become a negative workforce issue. Poorer health, greater distraction and financial stress may all show up later in attendance, productivity and retention.

EMPLOYER TAKEAWAY

Address the practical barriers surrounding care as well as the medical benefits themselves. Cost education, advocacy, paid leave and added financial protection can help reduce employee uncertainty by addressing financial literacy gaps and unexpected life events.



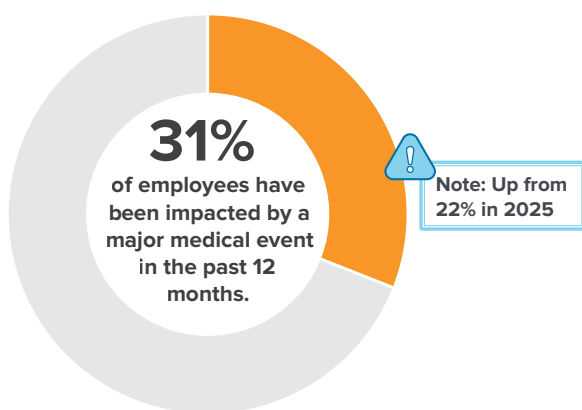


Serious illness creates costs employees do not see coming

About one in three employees say they or a family member experienced a major medical event in the past year, up from 22% in 2025. For those households, financial toxicity overshadowed the direct cost of care: 63% missed a paycheck and 75% took a leave of absence. Prescription costs, out-of-network fees, travel costs and childcare can create a heavy financial burden that disrupts household stability for families of all sizes.

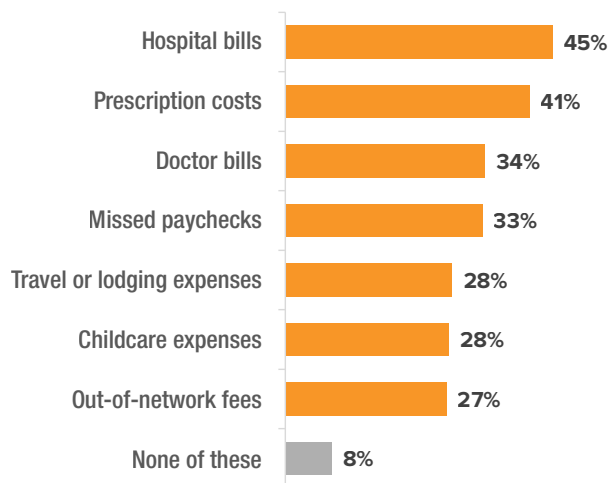
These findings are a reminder that the true cost of illness goes far beyond what appears on an explanation of benefits. Even when treatment is covered, time away from work and navigating routine care can destabilize a household. Traditional health insurance remains essential, but it is not designed to reimburse every expense surrounding a serious medical event.

Nearly one-third (31%) of workers faced a major medical event in their household in 2025.



Question: Have you or a member of your immediate family suffered a major health event or accident in the last year?

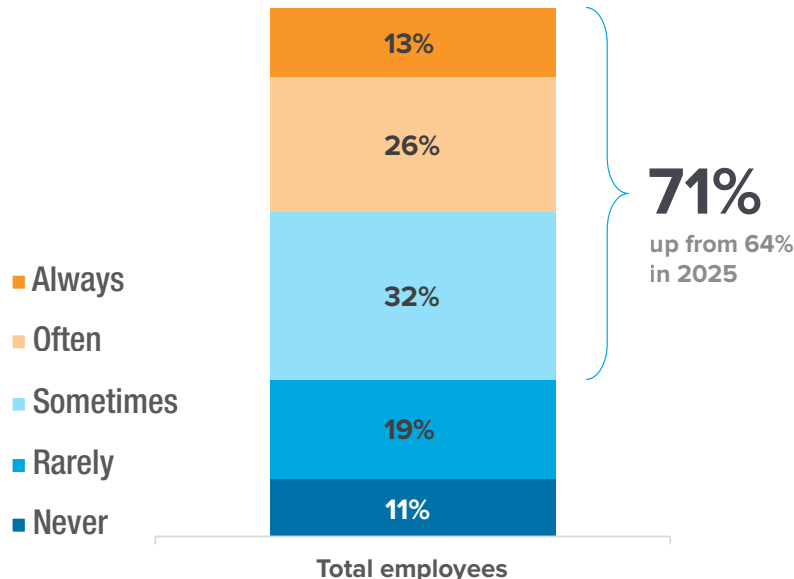
Unexpected costs extended beyond medical care to missed income, prescriptions, travel and other everyday needs.



Question: Which of the following costs (if any) were unexpected from the event(s)? *Asked among those who experienced a major medical event

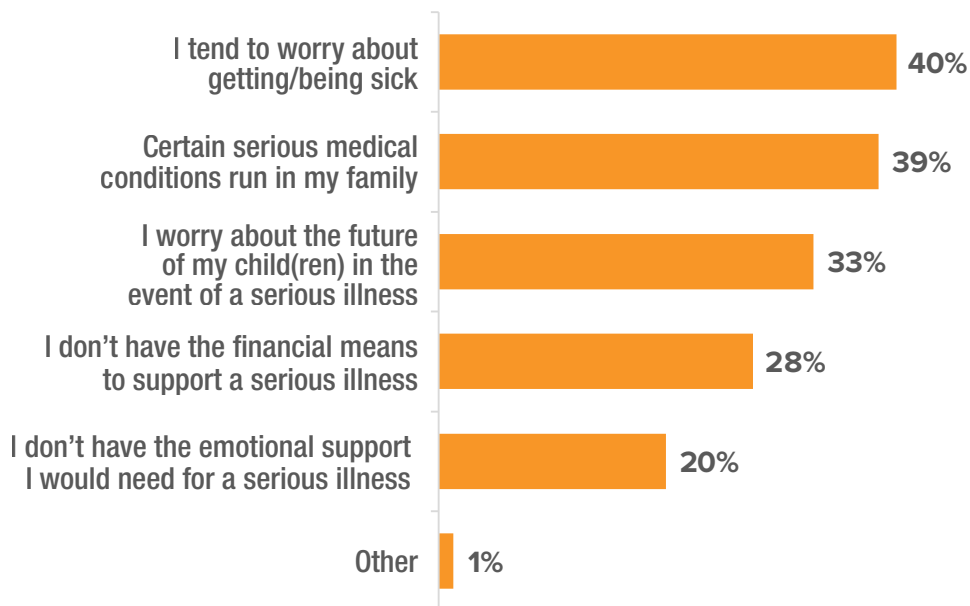
Many employees worry about the potential for serious illness diagnosis, shaped by family history and personal health concerns as well as the financial disruption an illness could bring.

Seven in 10 (71%) employees think at least occasionally about the possibility of a serious illness, up 7 percentage points from 2025.



Question: How frequently, if at all, do you think about whether you will be diagnosed with a serious illness such as cancer?

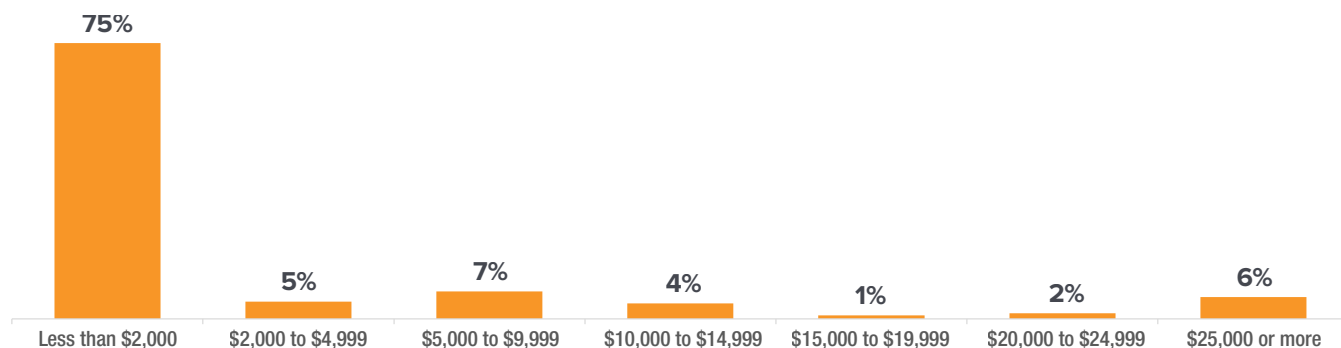
Family history and personal health concerns are among the leading reasons employees think about a possible serious diagnosis.



Question: What are the factors that lead you to think about a possible serious illness diagnosis? *Asked among those who worry about a future diagnosis

And yet, awareness of the risk is not matched by a realistic view of its potential cost. Underestimating financial exposure can make it harder for employees to assess whether their savings, leave benefits and insurance would be sufficient in a worst-case scenario. The missing picture is not only the medical bill, but the combined effect of out-of-pocket costs, lost income and everyday expenses.

Three-quarters of employees estimate that an insured American would pay less than \$2,000 out of pocket in the year following a cancer diagnosis.



Question: To the best of your knowledge, how much do you expect the average American with health insurance pays out of pocket for medical care and prescription medications for the 12 months following a cancer diagnosis?

AFLAC IN ACTION

Supporting employees before, during and after a cancer diagnosis

Aflac's cancer insurance is designed to provide cash benefits that can help with expenses associated with preventive care, diagnosis, treatment and continuing care. These cash benefits can help policyholders manage expenses such as copays, prescriptions and other out-of-pocket expenses during treatment. Aflac's Check for Cancer campaign and collaboration with the American Cancer Society extend that support by connecting employees with early detection information and resources that may be available following a cancer diagnosis, including transportation to medical appointments and lodging near treatment through the Road to Recovery® and Hope Lodge® programs. Together, the coverage and partnership address a broader reality reflected in the employee data: The financial and logistical challenges surrounding cancer matter alongside the medical bill.

Clearer education can make the exposure more concrete, but information is only part of the response. Employees also need ways to protect against costs and income disruption that major medical coverage may not fully absorb. Supplemental insurance coverage helps add financial protection for eligible out-of-pocket expenses, while short-term disability coverage can help replace a portion of income when a covered illness or injury keeps an employee from working.

EMPLOYER TAKEAWAY

Help employees consider the full financial impact of an illness before a health event occurs. Clear education about out-of-pocket costs, potential income loss and other financial considerations can help employees evaluate whether savings, leave benefits and supplemental coverage provide enough protection for their household.





Section 4

Competing for talent in a changing workforce

The workforce is redefining what makes an employer attractive

Benefits are becoming more important in how employees evaluate an employer, particularly among younger workers. Benefits satisfaction has reached a new high, and more employees say they would consider accepting lower pay for a stronger benefits package. At the same time, job-search intentions have risen, workplace stress remains widespread, and employees continue to weigh flexibility, growth, purpose and organizational values alongside compensation.

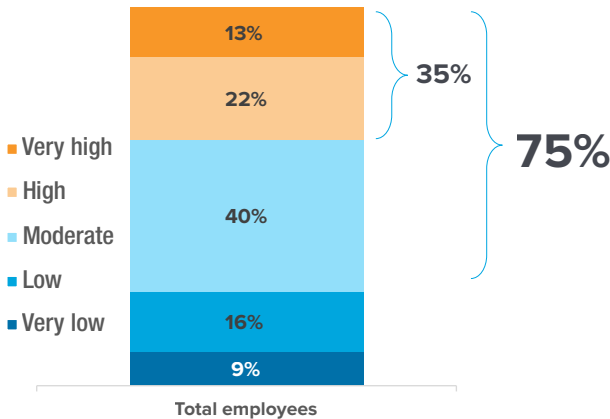
The competitive opportunity is not to expect benefits to carry the entire employee experience. It is to build an employee value proposition in which financial protection, clear guidance, flexibility and meaningful support reinforce one another. When employees can understand and use their benefits, see how the program responds to real financial risk and feel supported in the way work fits into their lives, the organization's investment becomes more tangible.



Employee well-being has become a broader workforce concern

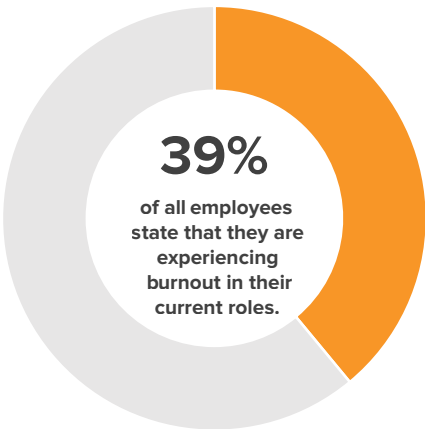
Workplace pressure is high and is not confined to a small group of employees or a single source. Stress and burnout are common across the workforce, reflecting demands that span the work itself, employees’ financial lives and responsibilities outside the job. In fact, among employees experiencing burnout, 83% reported having at least moderate burnout levels at work.

Three-quarters of employees experience at least moderate workplace stress.



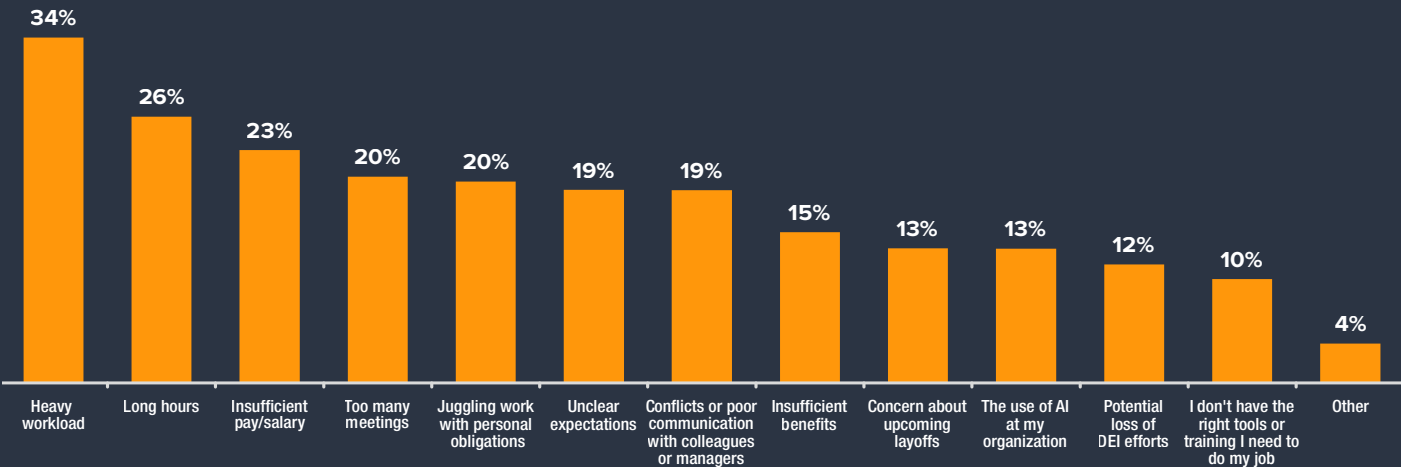
Question: How would you quantify the amount of workplace stress you experience?

Nearly 2 out of 5 employees (39%) say they are currently burned out.



Question: Chronic stress can lead to burnout, including depleted energy, exhaustion, negativity, cynicism, and reduced productivity. Are you currently feeling burned out at work?

Workload and long hours are the most commonly cited stressors, but employees are managing pressure from several directions.



Question: Which of the following cause you the most stress at work?

The breadth of those pressures matters because it rules out a single-program response. Employers cannot treat burnout as a problem that begins and ends with a wellness resource. Work design, management, flexibility, benefits and financial security can each affect how manageable work feels, even though no one factor alone accounts for the full experience.

Workplace strain is not experienced uniformly across the workforce. Burnout is far more common among younger employees and among those working more than one job. Younger employees may be navigating the early stages of work, while multiple-job employees are managing a direct constraint on time, energy and financial security. What is clear is that employers should look beyond overall burnout rates to understand which groups are experiencing the greatest strain and may need more support.

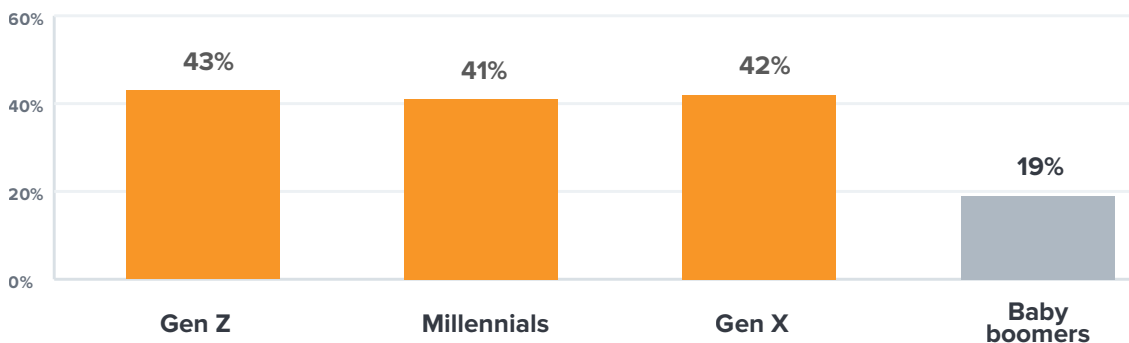
Younger workers are more than twice as likely as baby boomers to report currently feeling burned out at work (41%-43% vs. 19%) and, unsurprisingly, those working multiple jobs are more likely to be suffering from burnout (66% vs. 28%).

Burnout varies across the workforce

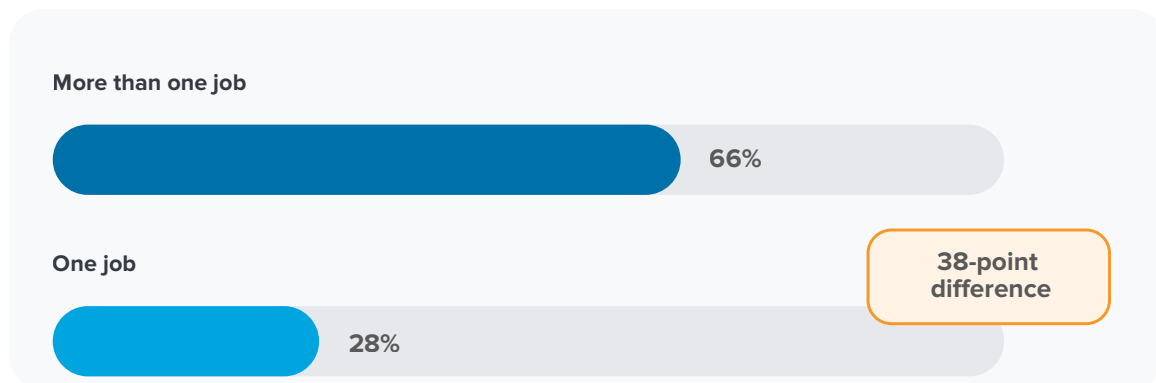
Percent of employees currently experiencing burnout

BY GENERATION

Total: 39%



BY NUMBER OF JOBS



Gen Z, millennials and Gen X are significantly higher than baby boomers.
Employees with more than one job are significantly higher than employees with one job.

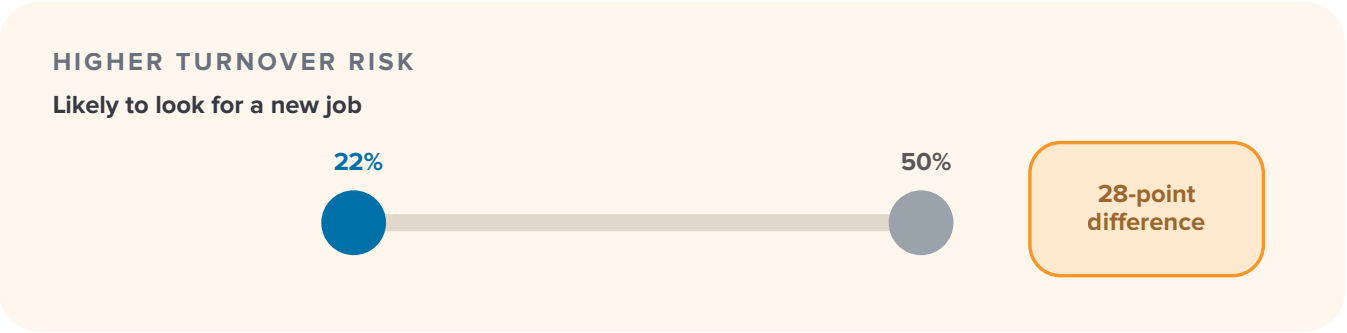
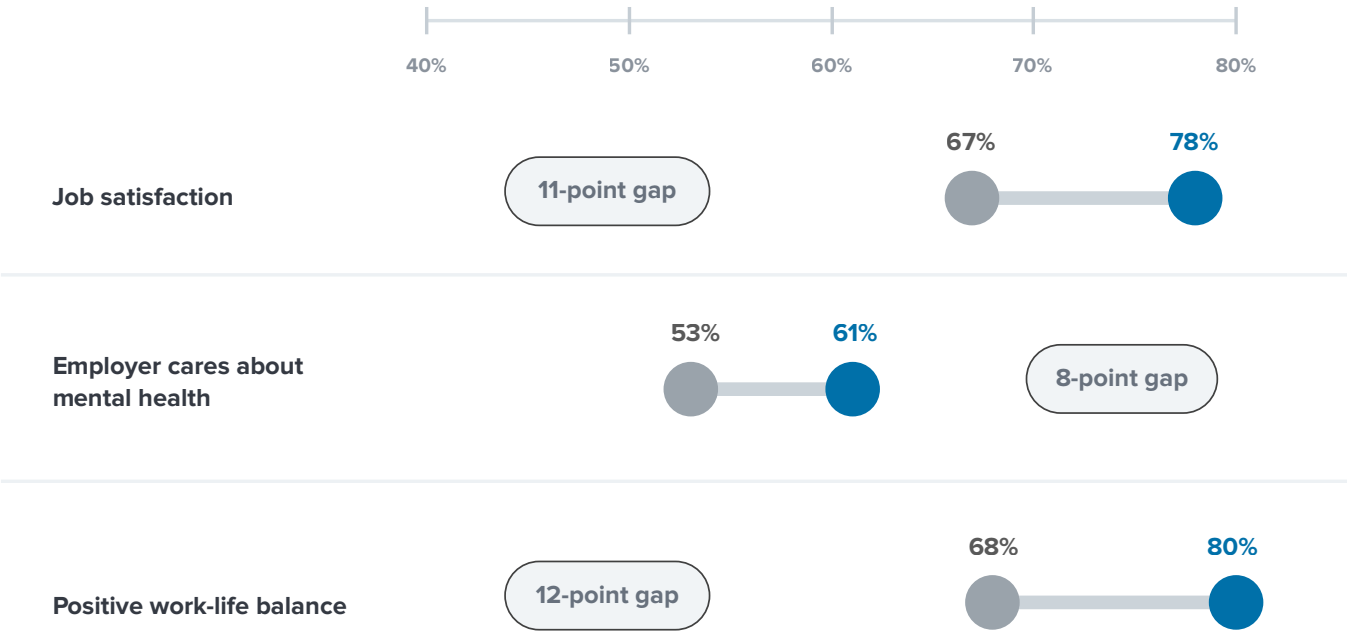
Question: Are you currently feeling burned out at work?

The consequences of burnout are significant and impact more than just the individual employee. Burned-out employees report lower job satisfaction, are less likely to believe their employer cares about their mental health and are substantially more likely to expect to look for another job. These relationships do not establish that burnout alone produces each outcome, but they show that burnout is embedded in employees’ broader experience of the workplace.

Burned-out employees are 28 percentage points more likely to look for another job and 8-12 points less positive about job satisfaction, employer care and work-life balance.

Burnout changes the workplace experience
Percent of employees selecting the top two response options

LOWER AMONG BURNED-OUT EMPLOYEES



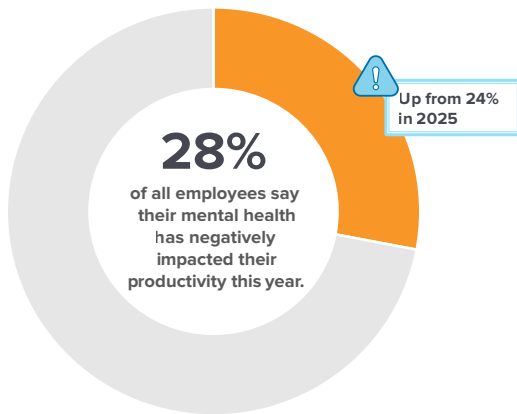
Burnout status is associated with these outcomes; the comparisons do not establish causation.

● Currently burned out ● Not burned out

Question: Chronic stress can lead to burnout, including depleted energy, exhaustion, negativity, cynicism, and reduced productivity. Are you currently feeling burned out at work?

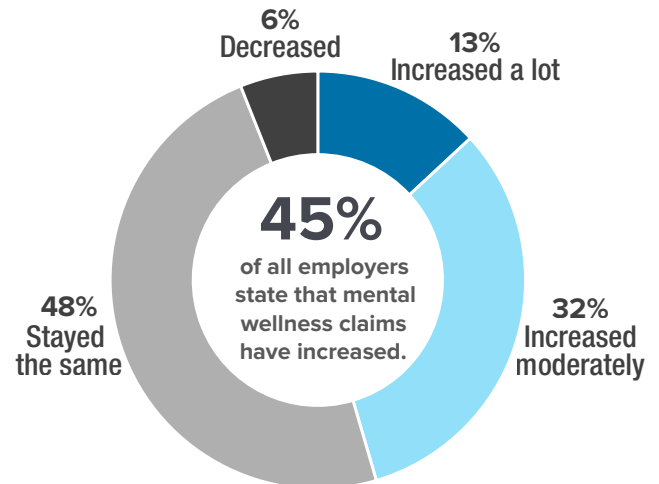
Mental health pressures are also affecting performance. Employees report an increasing impact on their ability to work, while employers are seeing greater use of mental wellness resources.

More than one-quarter of employees (28%) say their mental health negatively affected their productivity, up four percentage points from 2025.



Question: Has your personal mental health had a negative influence on your work or your ability to get work done over the last 12 months?

More than 2 in 5 employers (44%) report an increase in mental wellness claims.



Question: In the last year, would you say your organization's mental wellness claims have ...?

AFLAC IN ACTION

Supporting mental health across prevention and recovery

Aflac's group life, absence and disability solutions can include an optional employee assistance program, while its partnership with NeuroFlow provides digital tools designed to support early mental health intervention and resilience. Certain Aflac plans also provide cash benefits to help with expenses associated with covered mental health conditions, helping address the financial consequences that may arise while managing a covered condition. These resources do not replace changes to workload, management or workplace culture, but they can broaden the support available when employees need care

No benefits program can compensate for unsustainable workloads or poor management. But flexibility, mental health resources, added financial protection and visible employer support can reduce specific sources of strain within an employer's reach. Well-being is therefore part of the broader employee value proposition, not simply an individual concern or a collection of optional programs.

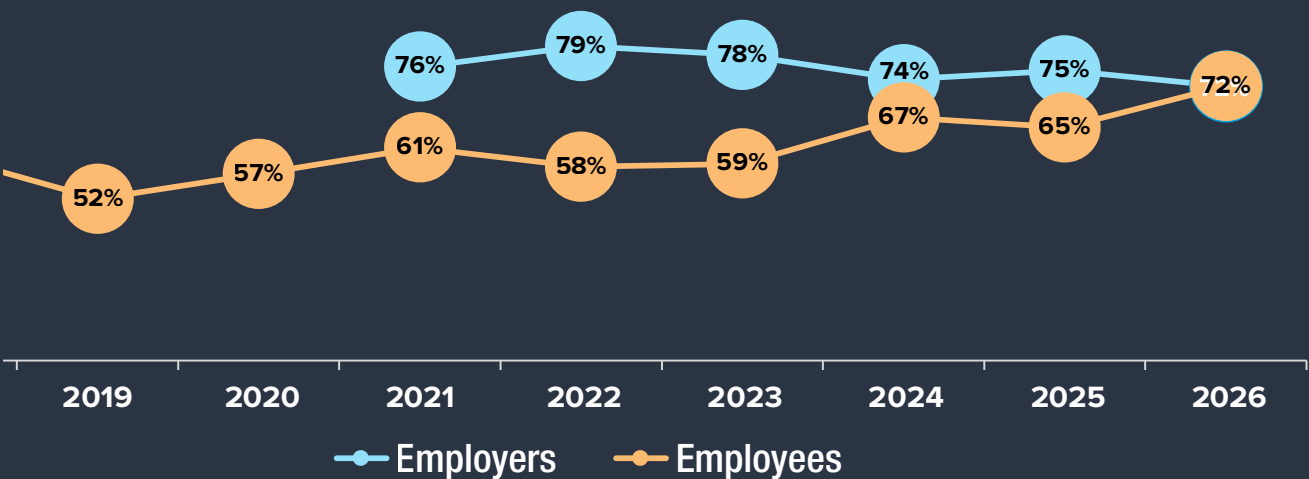
EMPLOYER TAKEAWAY

Tailor well-being strategies to the source of employee strain. Heavy workloads, financial pressure and limited flexibility all contribute to burnout, but they require different combinations of workplace changes, benefits and support.

Benefits satisfaction has reached a high point, but it doesn't guarantee employee retention

For the first time since the Aflac report began tracking the comparison, the long-standing gap between employee benefits satisfaction and employers' perceptions of that satisfaction has closed. Employers now appear to have a more accurate read on the overall benefits experience.

Employee benefits satisfaction rose seven percentage points year-over-year to 72%, matching employers' estimate for the first time.



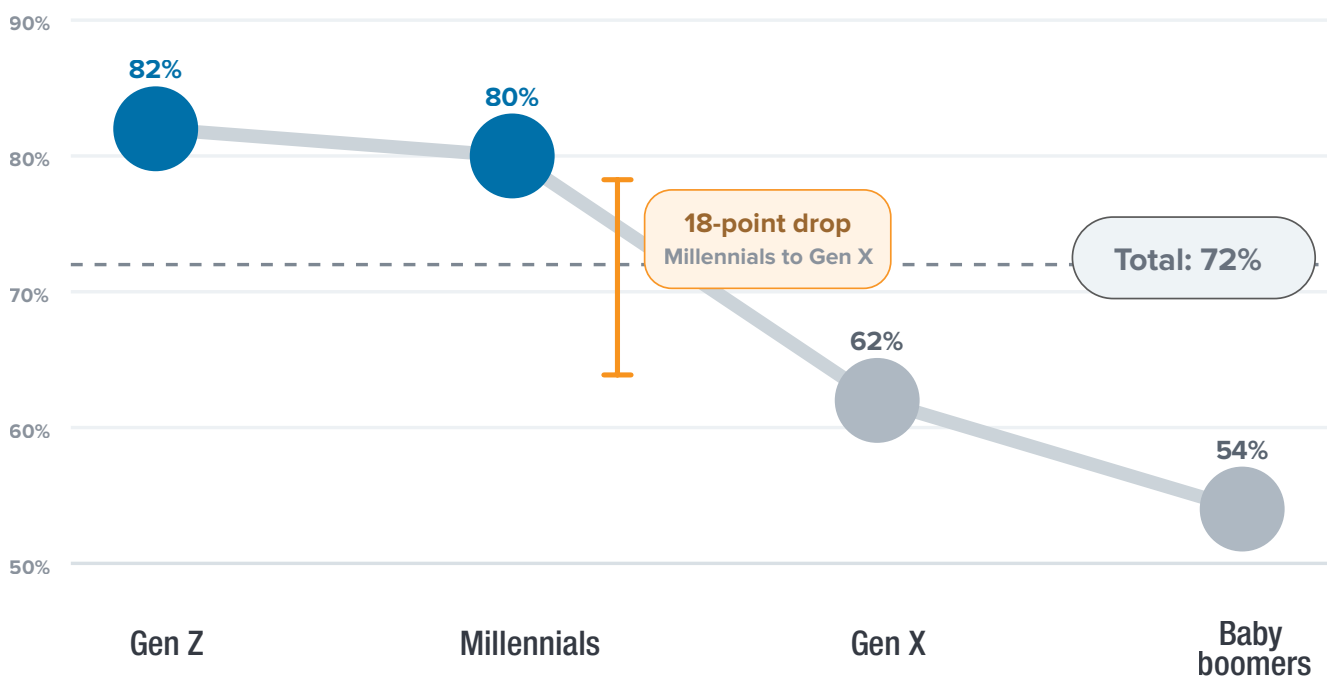
Employer question: How satisfied do you think your employees are with the overall benefits package your organization offers them at this time?

Employee question: How satisfied are you with the overall benefits package offered to you at this time?





Benefits satisfaction reaches 82% among Gen Z and 80% among millennials, compared with just 62% of Gen X and 54% of baby boomers.

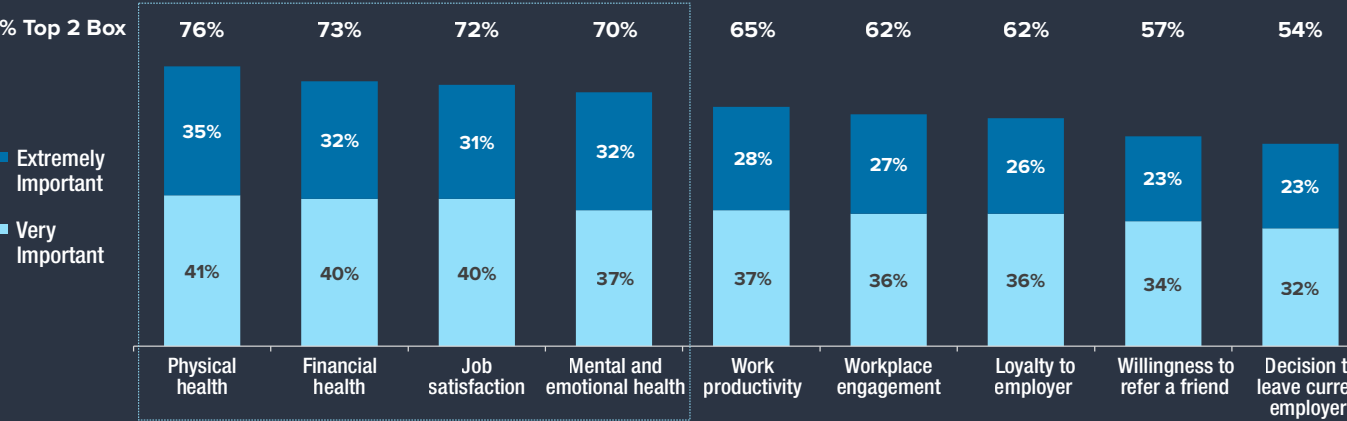


Question: How satisfied are you with the overall benefits package offered to you at this time? | % Top 2 Box summary by generation

This alignment is a meaningful sign of progress. After years of employers overestimating employee sentiment, organizations now appear to have a more accurate read on the benefits experience. Satisfaction is particularly high among Gen Z and millennials and lower among Gen X and baby boomers, demonstrating that the overall improvement is not landing equally with every generation.

Employees also see benefits as relevant to outcomes beyond their physical and financial health. These findings reflect the importance employees assign to benefits, not proof that benefits alone produce those outcomes. They nevertheless establish that employees view their benefits as a meaningful part of their workplace experience.

Nearly three-quarters say their benefits package is important to job satisfaction, while roughly 3 in 5 connect it with productivity, workplace engagement and loyalty.



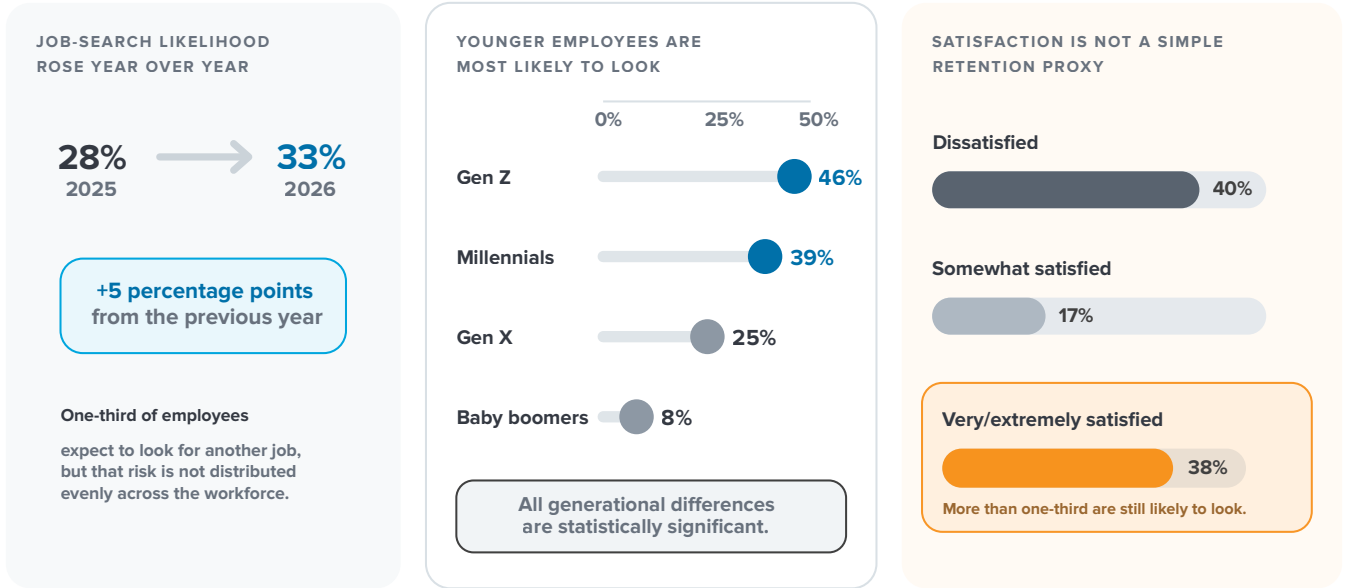
Question: How important is a benefits package offering to each of the following: [asked for each]



Benefits may contribute to a positive workplace experience, but satisfaction with them does not guarantee retention. One-third of employees expect to look for another job during the next year, up from 28% in 2025. Job search likelihood is highest among Gen Z and millennials, but mobility is not limited to employees who are unhappy with their benefits. Even some highly satisfied employees remain open to another opportunity.

Benefits satisfaction does not guarantee retention

Percent very or extremely likely to look for a new job in the next 12 months



Benefits satisfaction and job-search intent are associated measures; these comparisons do not establish that satisfaction causes employees to stay or leave.

Question: How likely are you to look for a new job in the next 12 months?

This does not diminish the importance of benefits. Employees who are dissatisfied with their benefits are the most likely to look elsewhere, indicating that a weak benefits experience is associated with greater turnover risk. Strong benefits can remove one reason to leave. They cannot compensate for every other aspect of the employment relationship, including pay, advancement, management and the day-to-day work experience.

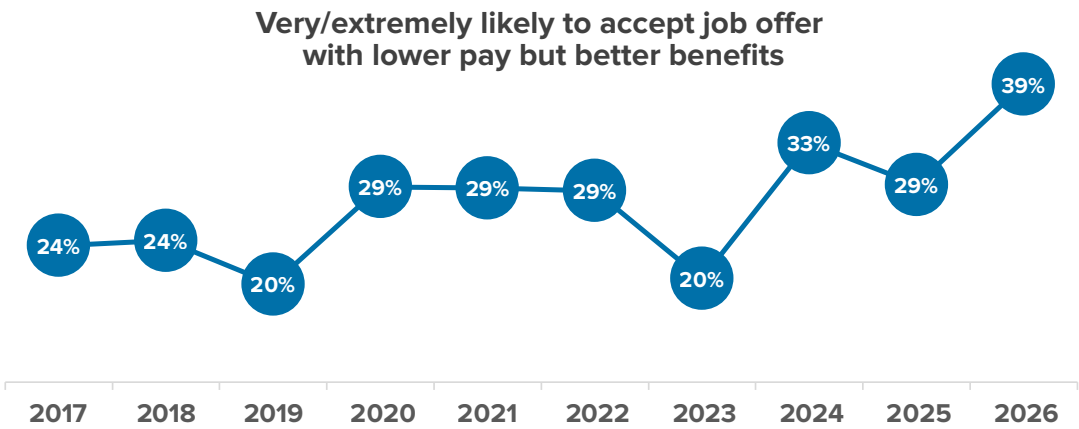
EMPLOYER TAKEAWAY

Treat benefits as a reinforcing part of a retention strategy. A strong benefits program can prevent benefits dissatisfaction from becoming a reason to leave, but it cannot function as a standalone shield against turnover.

Younger employees are broadening the value equation

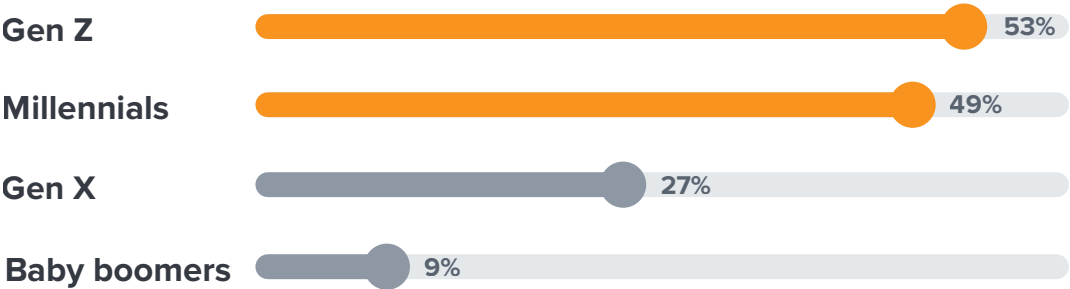
Compensation remains the leading factor in job decisions. At the same time, employees' willingness to trade some salary for stronger benefits has reached an all-time high. This shift is especially visible among younger employees, who are more open to considering a move foregoing some salary for meaningful benefits improvement.

Willingness to trade some salary for stronger benefits reached a record 39% in 2026, rising to 53% among Gen Z and 49% among millennials.



Job-search intent declines sharply across generations

Percent very/extremely likely to accept job offer with lower pay but better benefits



44-point difference between Gen Z and baby boomers

Question: How likely would you be to accept a job offer that included a slightly lower compensation but a more robust benefits package?

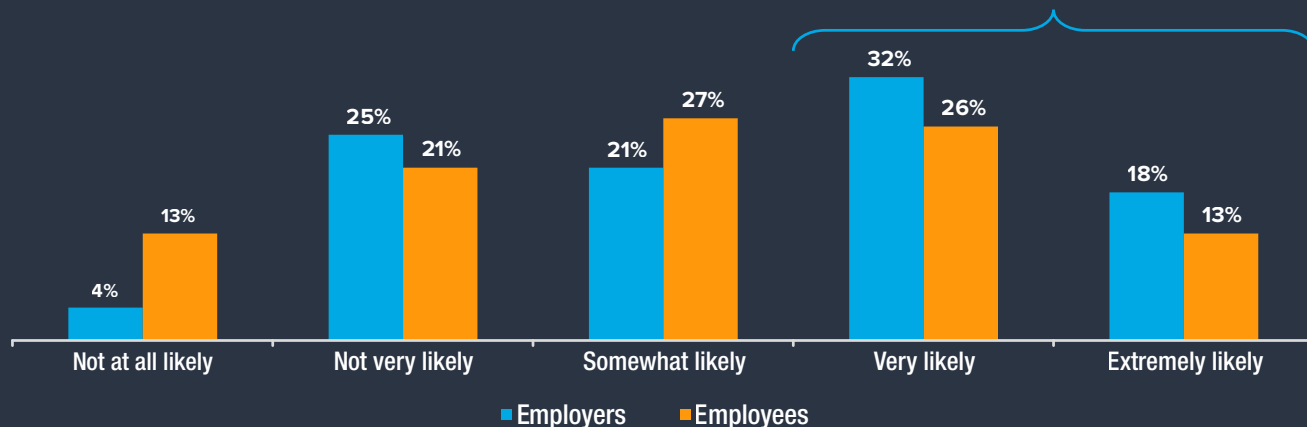


Employers are even more likely than employees to believe workers would accept lower pay for stronger benefits. The gap suggests that some employers may overestimate how much salary employees are willing to trade for a better benefits package. Although benefits are becoming a more influential part of job decisions, especially among younger employees, they are most likely to strengthen an already competitive offer, not compensate for pay that falls short.

Employers overestimate employees' willingness to trade salary for a stronger benefits package.

50% of employers think it is highly likely their employees may leave for a pay cut but better benefits

39% of employees state that they would be likely to leave for a pay cut but better benefits



Employer question: How likely do you think your employees would be to take a job with lower pay but more robust benefits?

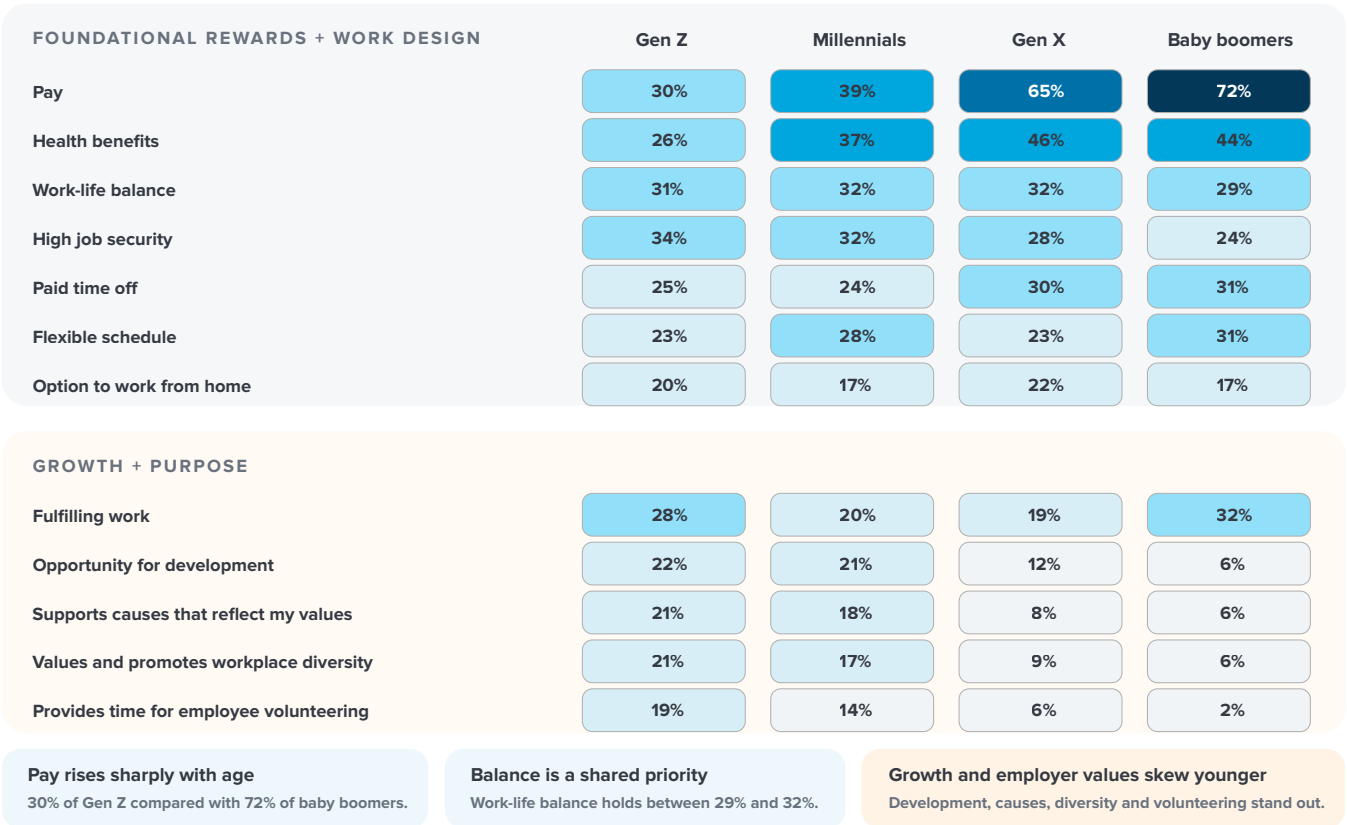
Employee question: How likely would you be to accept a job offer that included a slightly lower compensation but a more robust benefits package?

Younger employees make the expanding value equation especially visible. For the workforce overall, pay remains the clear first consideration. Among Gen Z, the hierarchy is flatter: Compensation sits alongside work-life balance, flexibility, growth, fulfilling work and organizational values. That does not mean younger employees care less about pay. Rather, it means they are evaluating more dimensions of the employment experience at the same time.

What employees prioritize when looking for a job

Share ranking each factor among their top three considerations, by generation

Darker shading = higher Top 3 share



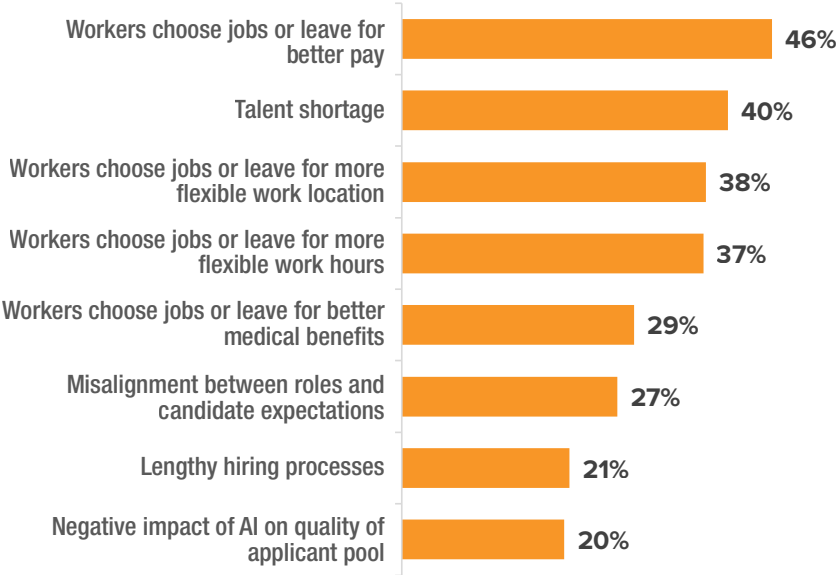
Employers are already feeling the effects of this expanded value equation. What may once have been framed primarily as a hiring market challenge now reflects a wider set of expectations about the employment experience.

Nearly two-thirds of employers say attracting and retaining top talent is harder than it was five years ago.



Question: Do you agree with the following statements? | It is more difficult to attract and retain top talent today than it was five years ago

Compensation and labor-market pressures lead the reasons impacting winning or losing the talent war, while flexibility and better medical benefits also influence talent decisions.



Question: You indicated that it's more difficult to attract and retain top talent today compared to five years ago. In your opinion, what are the reason(s) for this? *Asked among those who said it is more difficult to attract and retain top talent

The employee value proposition has expanded. Organizations are competing on pay and title, but also on how work fits into employees' lives, how financially secure employees feel and whether support is visible in everyday experience. A list of programs can strengthen that proposition only when employees understand what is available and believe they can use it.

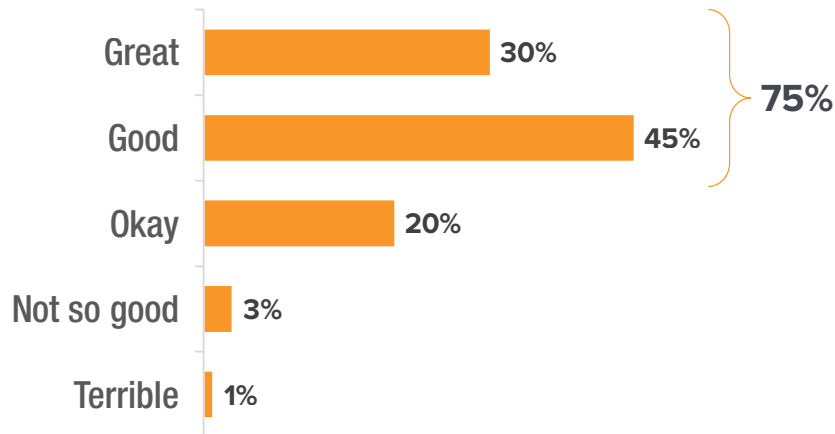
EMPLOYER TAKEAWAY

Make benefits highly visible within total compensation without implying that they replace competitive pay. Younger employees want meaningful work through comprehensive coverage, unmatched flexibility, clear growth paths and deeply aligned values.

Employees are looking for support they can see and use

Overall, employees have positive impressions of their work-life balance. And, what supports that experience is less about any single perk than how work is structured and managed day-to-day. Work-life balance becomes tangible through organizational norms, manager behavior and the degree of autonomy employees have in navigating their responsibilities.

Three-quarters of employees rate their work-life balance positively.



Question: How would you rate your work-life balance over the past 12 months?

Respect for personal time, flexible work and evaluation based on results rather than hours logged rank among the strongest supports for work-life balance.

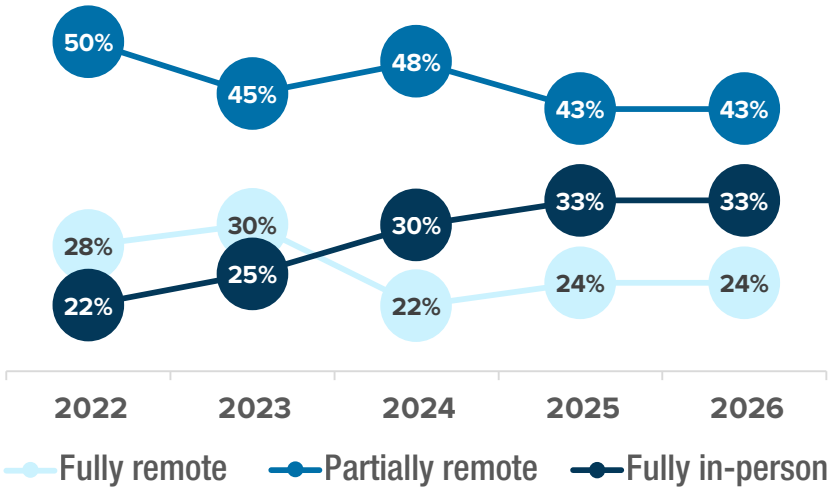


Question: There are many factors that could contribute to a positive work-life balance. In your opinion, what are the most important factors in achieving a positive work-life balance? | % Ranked 1-3

Working arrangements themselves appear to be stabilizing, and satisfaction is high across remote, hybrid and on-site employees. For employees, this means that the question is not about which working model universally wins. It is instead about whether employees experience genuine flexibility and support within the model the organization has chosen.

Employers report little year-over-year movement in how work is structured.

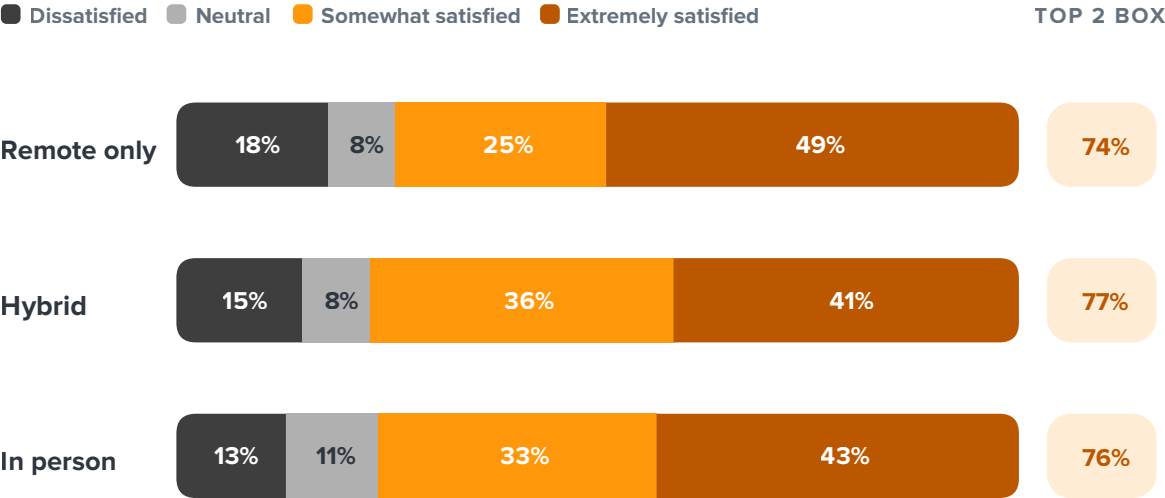
Employer question: Which of the following best describes your organization’s working arrangement over the last 12 months?



Among employees, satisfaction remains high across remote, hybrid and in-person arrangements, with no model clearly outperforming the others.

Job satisfaction is consistent across work arrangements

Distribution of employee job satisfaction



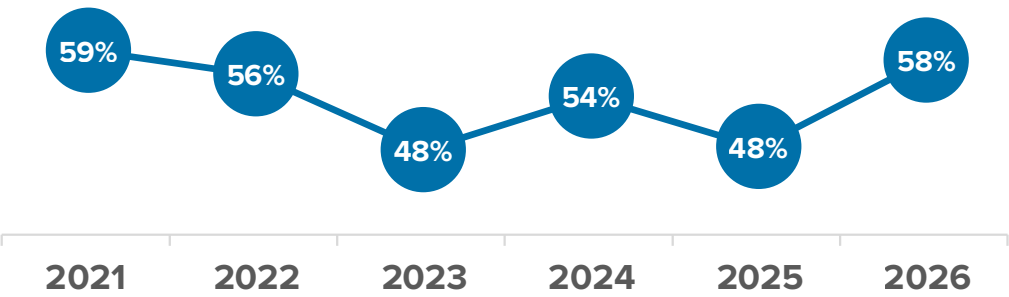
Remote-only employees show a somewhat more polarized experience

They are the most likely to be extremely satisfied (49%) and dissatisfied (18%), while overall satisfaction remains comparable across all three arrangements.

Employee question: How satisfied are you with your current working arrangement?

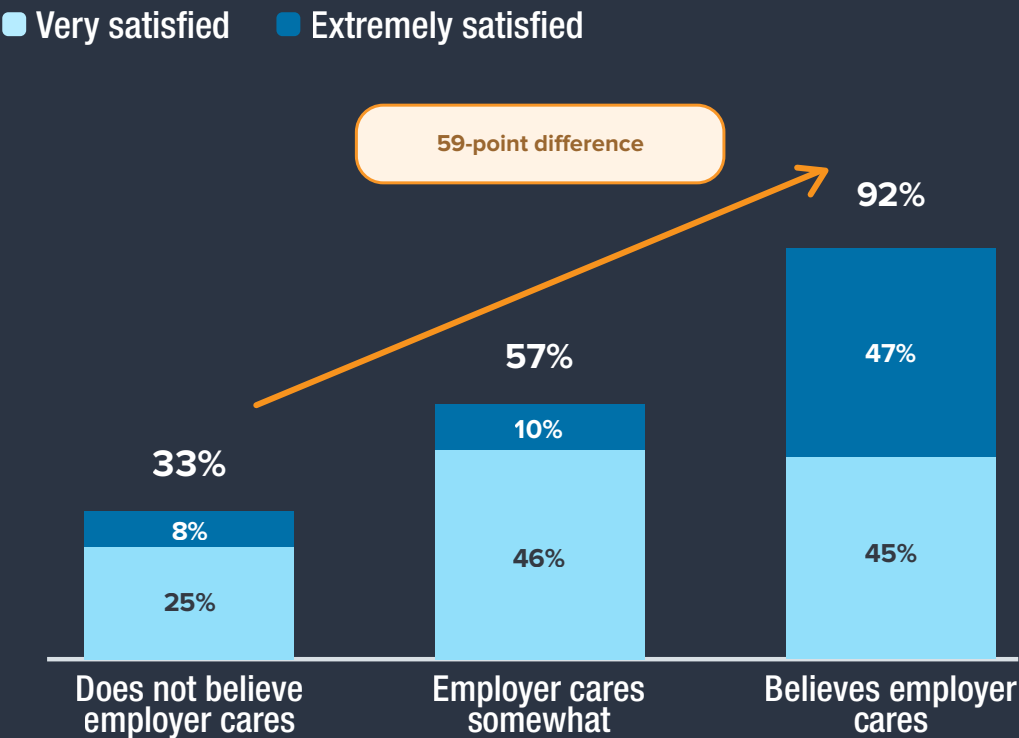
Visible employer care reinforces that experience. Fifty-eight percent of employees believe their employer cares a moderate amount or a great deal about their mental health, up from 48% in 2025. Employees who feel supported report substantially higher job satisfaction, showing how closely perceived care is tied to their broader relationship with the organization.

Belief that employers care about employees' mental health rose 10 percentage points year-over-year to 58%



Question: How much do you believe your employer cares about your overall mental health? | % Top 2 Box summary

Job satisfaction rises from 33% among employees who do not believe their employer cares to 92% among those who do.



Question: Overall, how satisfied are you with your job? | % Top 2 Box summary

A sense of belonging adds another dimension to the employee experience. Seventy percent of employees say it is important to work for an organization where they feel that they belong, and 73% personally feel a sense of belonging at their current organization. Employers are more confident in what they are delivering, with 88% saying their organization does an excellent job fostering belonging. These results suggest that employer confidence may outpace what some employees experience.

WHY BELONGING MATTERS

70%

say it is important to work for an organization where they feel that they belong.

EMPLOYEE EXPERIENCE VS. EMPLOYER ASSESSMENT



Most employees feel they belong, but employers see an even stronger result.
The opportunity is to understand where organizational intent is not fully reaching employees.

Employee Question: To what extent do you agree or disagree with the following statements? | I feel a sense of belonging at my organization

Employer Question: How strongly do you agree or disagree with the following statement: "Our organization does an excellent job fostering a sense of belonging among all of our employees."

These findings are especially relevant as employers compete for younger talent. Gen Z weighs mental health support, flexibility, work-life balance, fulfilling work and organizational values alongside compensation and benefits. Support becomes credible when employees can see and use it, spanning such factors as the flexibility managers permit, the benefits employees can navigate and the way leaders respond when work or life becomes difficult.

EMPLOYER TAKEAWAY

Make flexibility and mental health support easy to access and use, not merely available. Give managers clear expectations for applying policies consistently, communicate available resources throughout the year and check whether employees know how to access them.

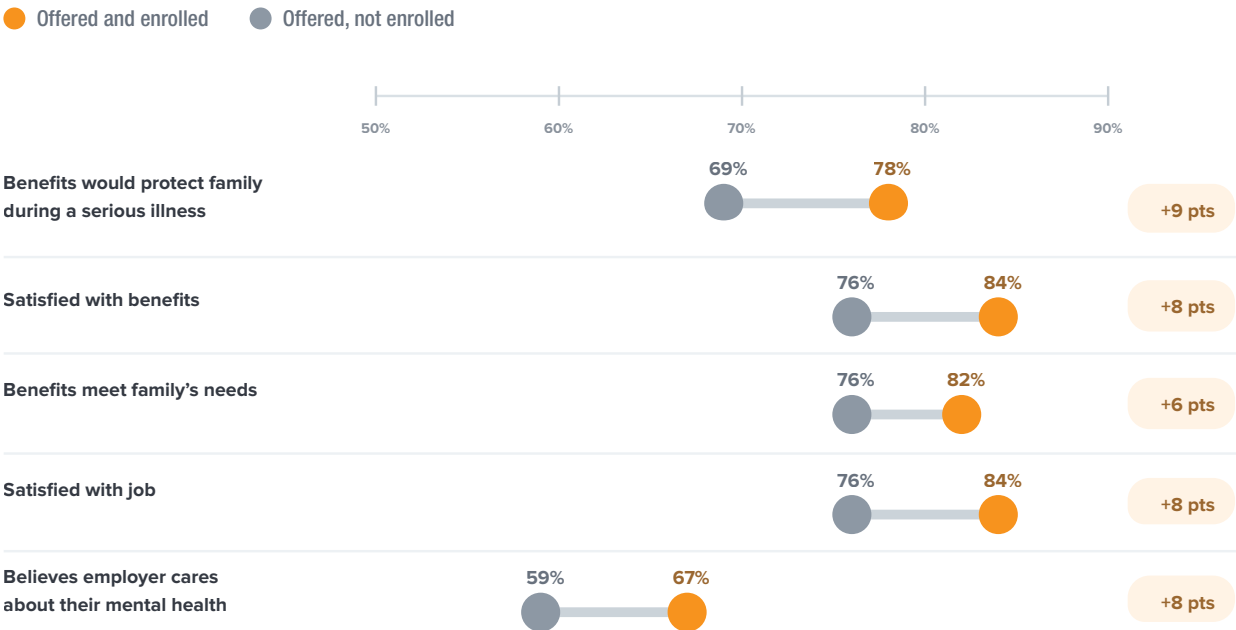
Supplemental insurance is associated with a stronger benefits experience

Offering supplemental insurance gives employees an additional coverage option to help address expenses that major medical coverage may not fully absorb. Among employees with access to supplemental benefits, those who enroll are more confident that their coverage would help protect their family during a serious illness: 78% feel well protected, compared with 69% of employees who were offered the coverage but did not enroll.

Enrollees also report greater satisfaction with their benefits program overall (84% vs. 76%) and are more likely to say their benefits meet their family’s needs (82% vs. 76%). That more positive experience extends to how they view the workplace: Enrollees report higher job satisfaction (84% vs. 76%) and are more likely to believe their employer cares about their overall mental health (67% vs. 59%).

Supplemental enrollees feel better protected and more positive about their benefits

Among employees offered supplemental coverage



Question: Does your employer offer any voluntary benefits?

Question: Which benefits are you enrolled in through your employer?

The role of supplemental coverage should remain specific. Supplemental insurance can help strengthen employees’ sense of added financial protection and the value they see in their benefits. For employers, offering coverage is only part of the opportunity. Employees also need a clear explanation of how supplemental insurance works alongside major medical coverage and which costs or disruptions it is designed to address. Connecting the coverage to realistic household needs can help employees decide whether it adds meaningful protection for them.

About the study

The 2026-2027 Aflac WorkForces Report is the 16th annual employee study examining benefits trends and attitudes. Conducted by Kantar on behalf of Aflac, the employer survey took place online between April 20 and May 10, 2026, and the employee survey took place online between April 20 and May 29, 2026. Throughout this report, some percentages may not add up to 100% and Top 2 Box may appear higher or lower due to rounding. The surveys captured responses from 1,000 employers and 2,001 employees across the United States.

For more information, visit Aflac.com/AWR.

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