



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.

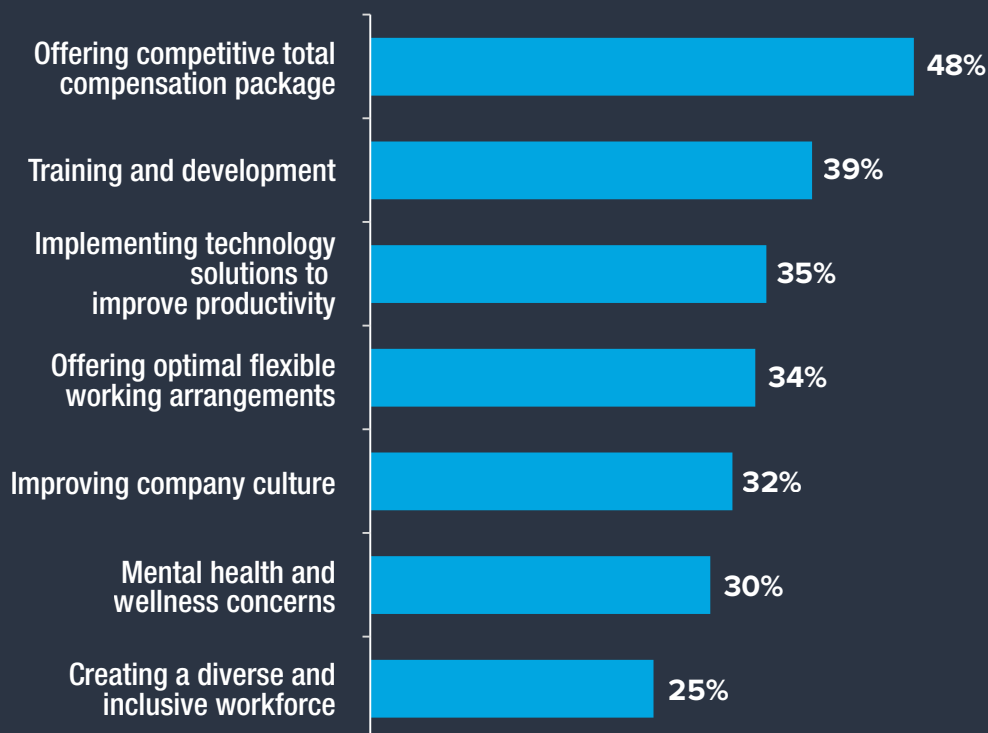
The result is a benefits system that remains strong on availability but uneven in the experience surrounding it. Employees increasingly expect digital convenience, human guidance and clearer help choosing coverage that fits their lives. For employers, the next challenge is not simply deciding which benefits 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.

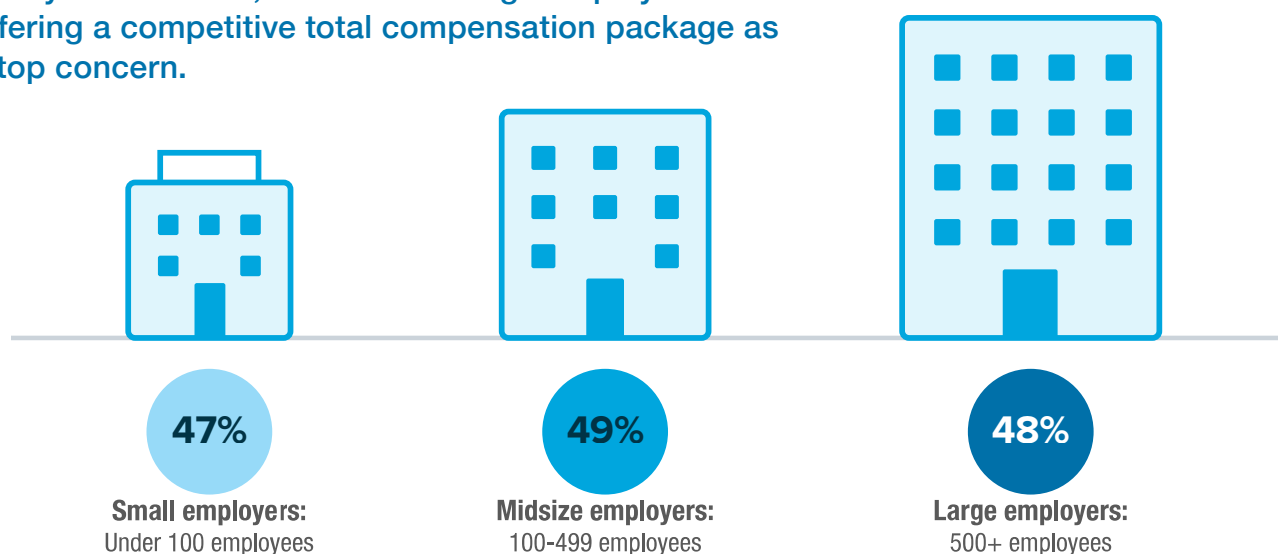


Nearly half (48%) of all employers state that offering a competitive total compensation package is among their top challenges, which is consistent with previous years' data.



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.

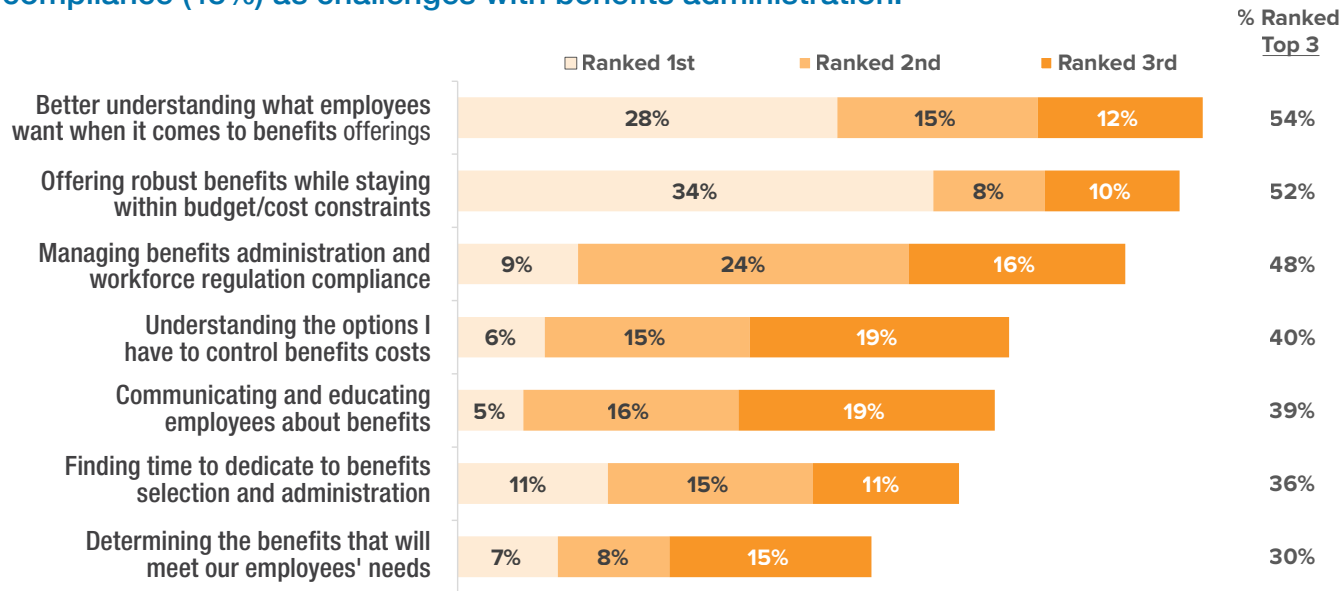


Question: Of the following objectives, which is the most important objective for your benefits program?



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?

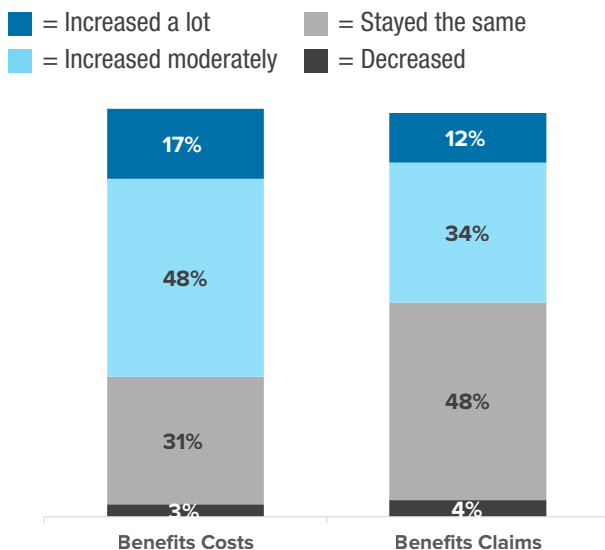




Rising benefits costs are reshaping workforce investment

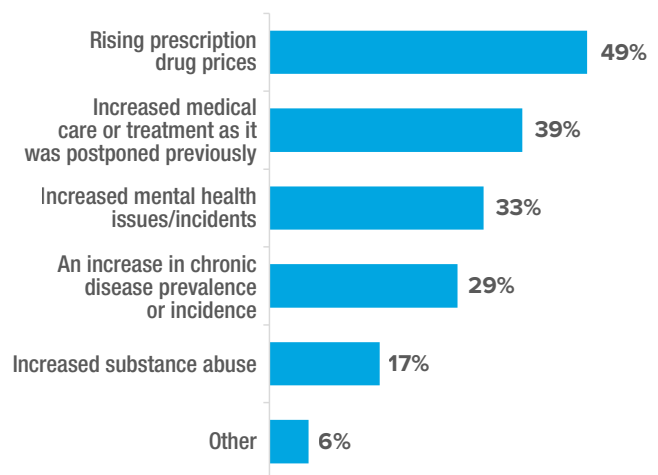
Two-thirds (65%) of employers say their benefits costs increased during the past year, while fewer report a comparable rise in claims. Therefore, cost pressure comes from a combination of rising prices and changing care needs, making it difficult to address by focusing on any single cost-containment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

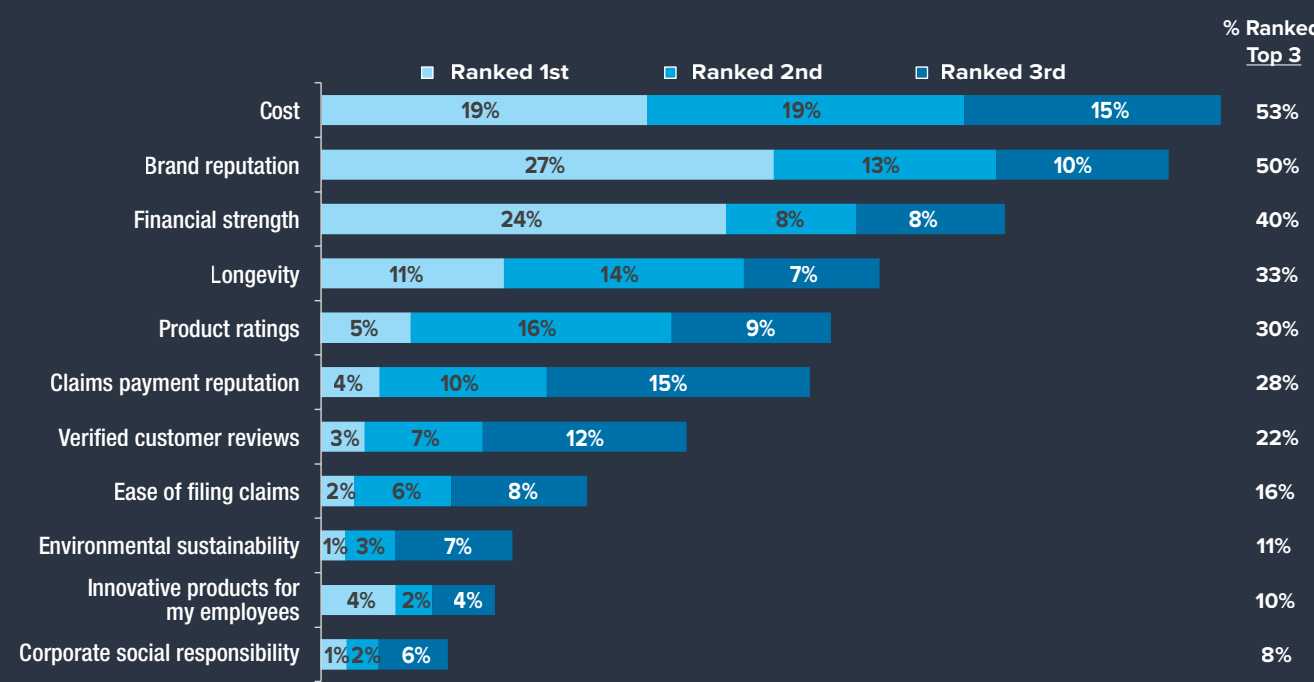
Prescription drug prices lead the list of reported cost drivers (49%), followed by care that had previously been postponed (39%) and increased mental health needs (33%).



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.

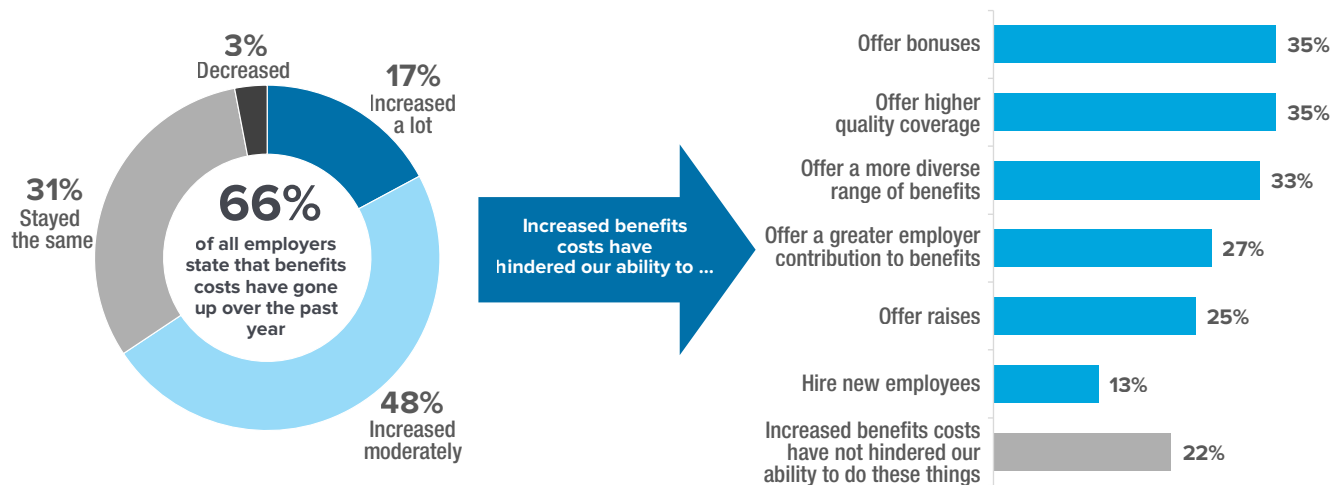


Question: Rank the following attributes by importance when choosing your organization's benefits provider(s)/vendor(s)



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?

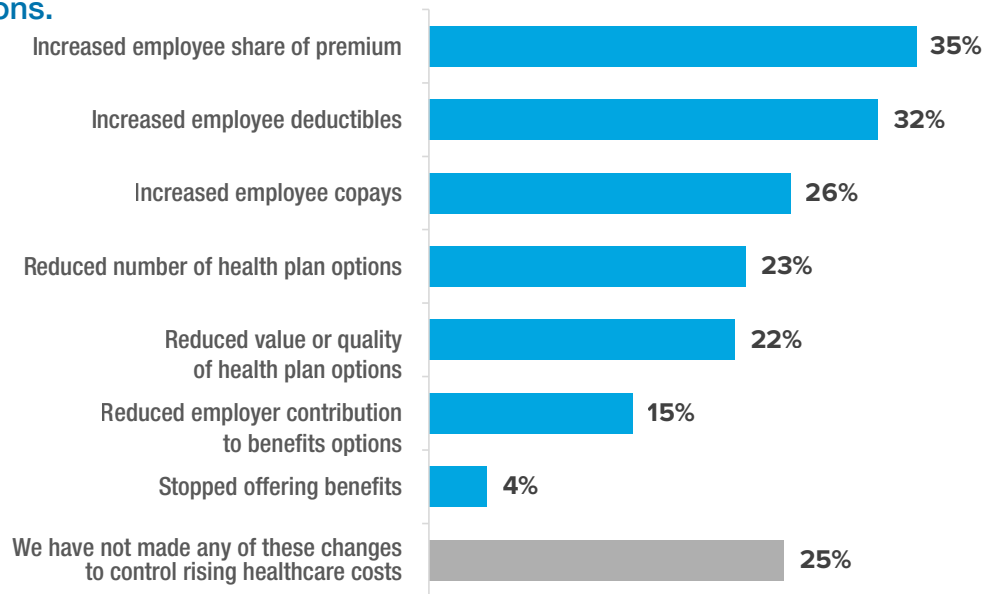
This creates a difficult cycle. Employers need competitive pay and benefits to attract and retain employees, but the cost of maintaining those programs can drain budgets and reduce their ability to fund high-value employee rewards or achieve business objectives. Benefits costs should therefore be viewed 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

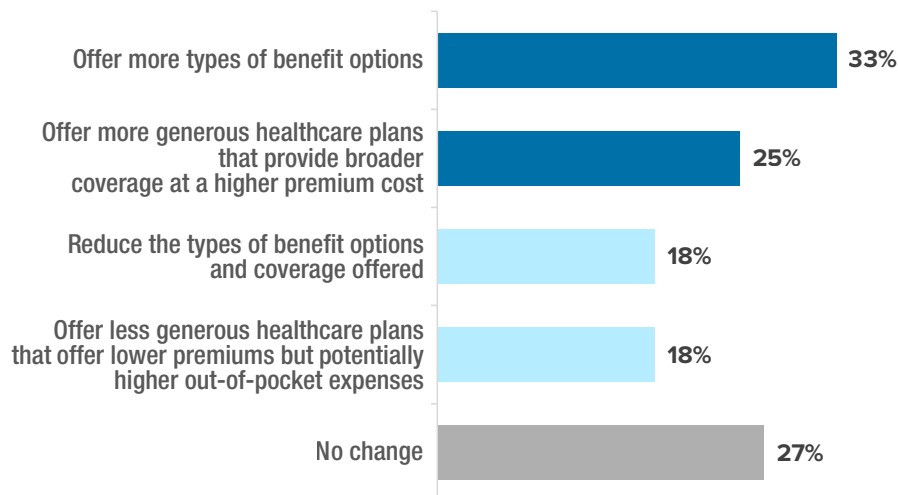
When employers take steps to control rising healthcare costs, they are more likely to increase employees' premium contributions, deductibles or copays than eliminate plans or drop benefits altogether. This approach helps preserve the breadth of the program, but it also transfers more of the financial 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.

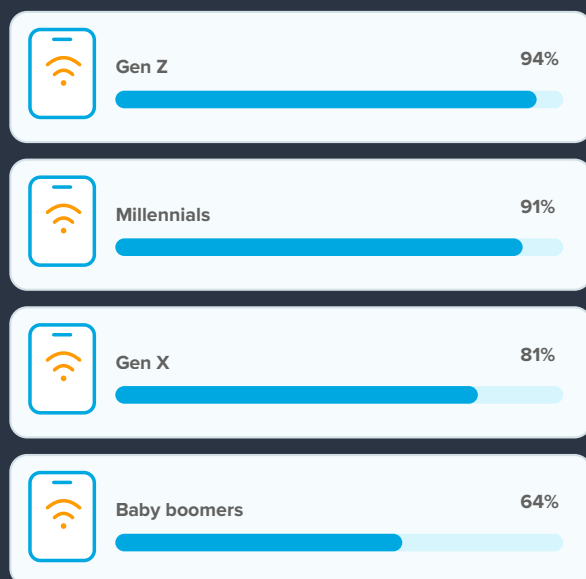
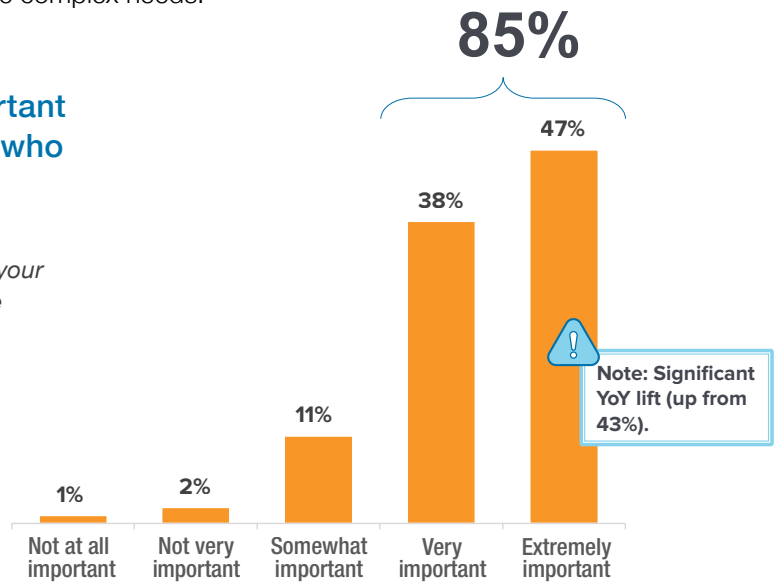
Employees seek a balance between digital access and human connection

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)?



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

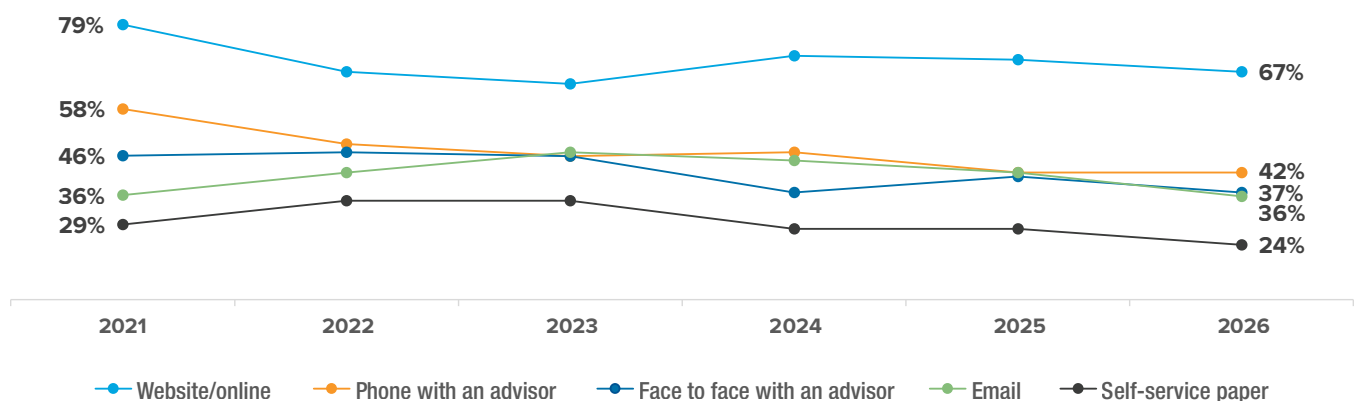
Question: How important is being able to manage your benefits online (for example, enroll in a policy, make changes and check coverage)? | Top 2 Box summary by generation

30

Percentage-point gap
between Gen Z and Baby boomers



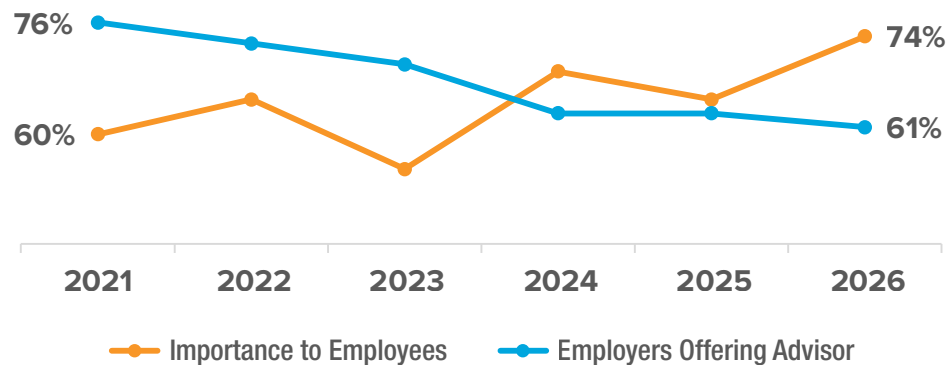
Website access remains the most common benefits-management option offered by employers (67%), while access by phone with an advisor (42%), face to face with an advisor (37%) or email (36%) is less common.



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

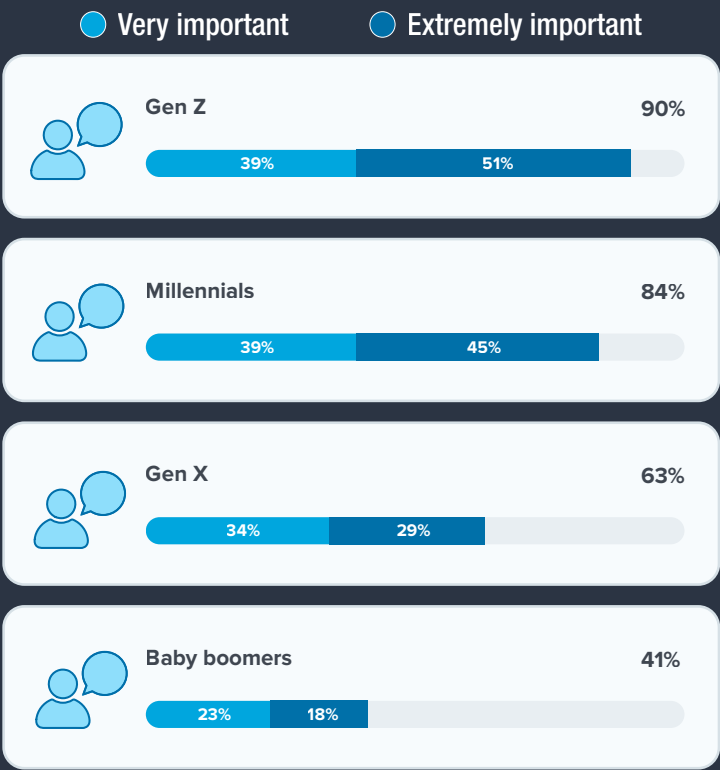
The demand for digital access has not diminished the value of human expertise. Three-quarters of employees say access to a benefits advisor is important, while the share of employers offering that access has fallen over time. The direction of these competing trends matters: Employee demand for guidance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

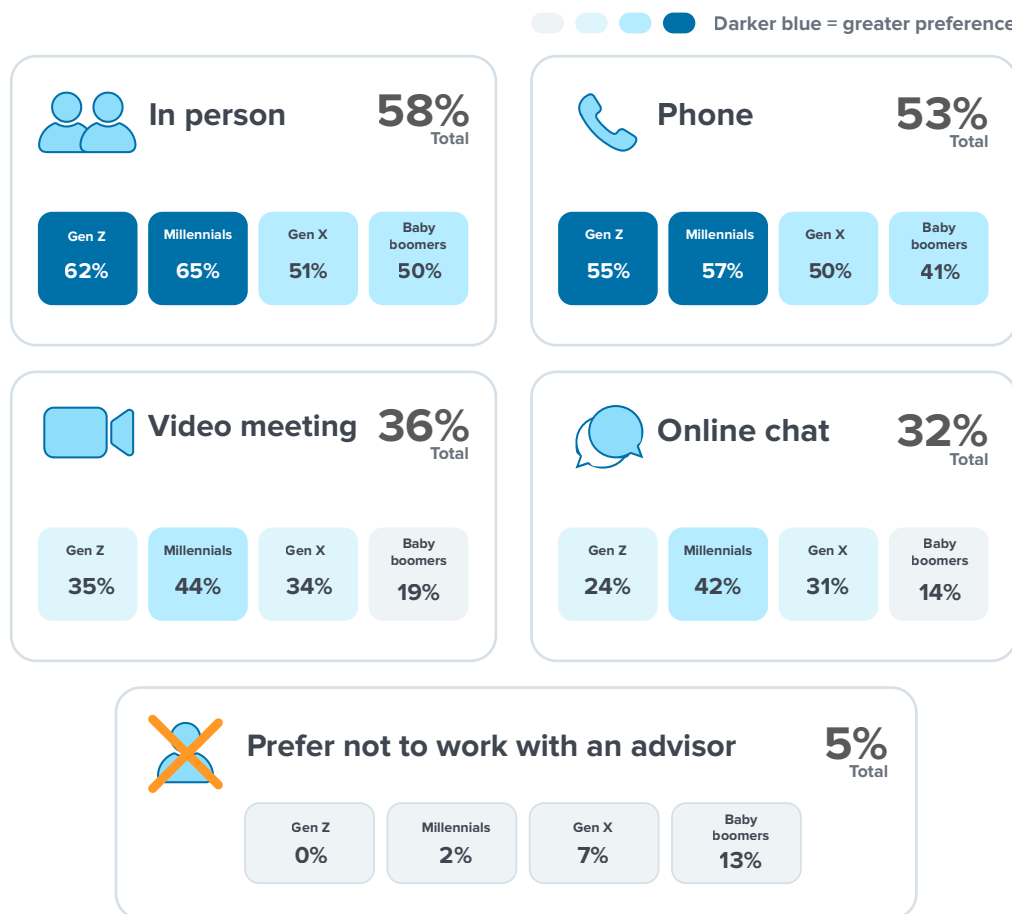


Question: How important is it that you have access to a benefits advisor when making your benefits selections? | Top 2 Box summary by generation

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

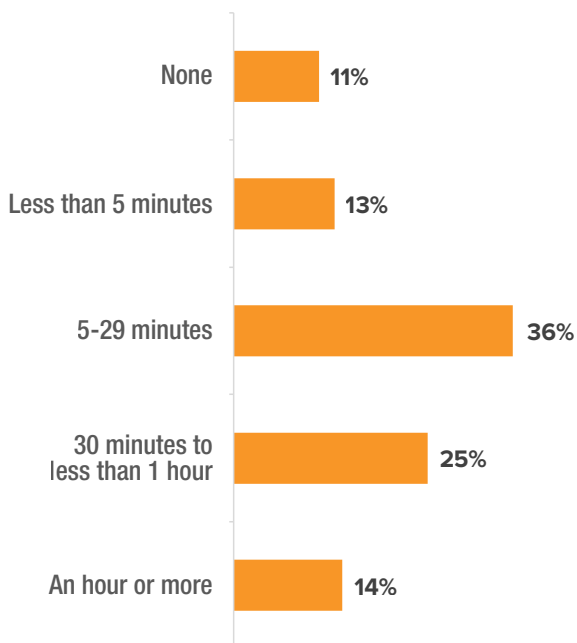
Build benefits support as a connected system rather than a choice between digital and human channels. Employees should be able to seamlessly move from self-service information to qualified personal guidance without starting over.

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.

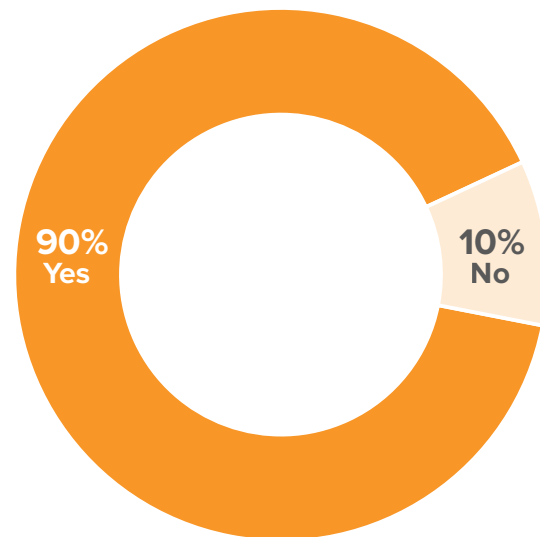
The distinction matters. Low activity should not automatically be interpreted as satisfaction or informed continuity. Enrollment often asks employees to make financially consequential choices in a compressed window, using information that may be difficult to translate into likely household costs. If 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?

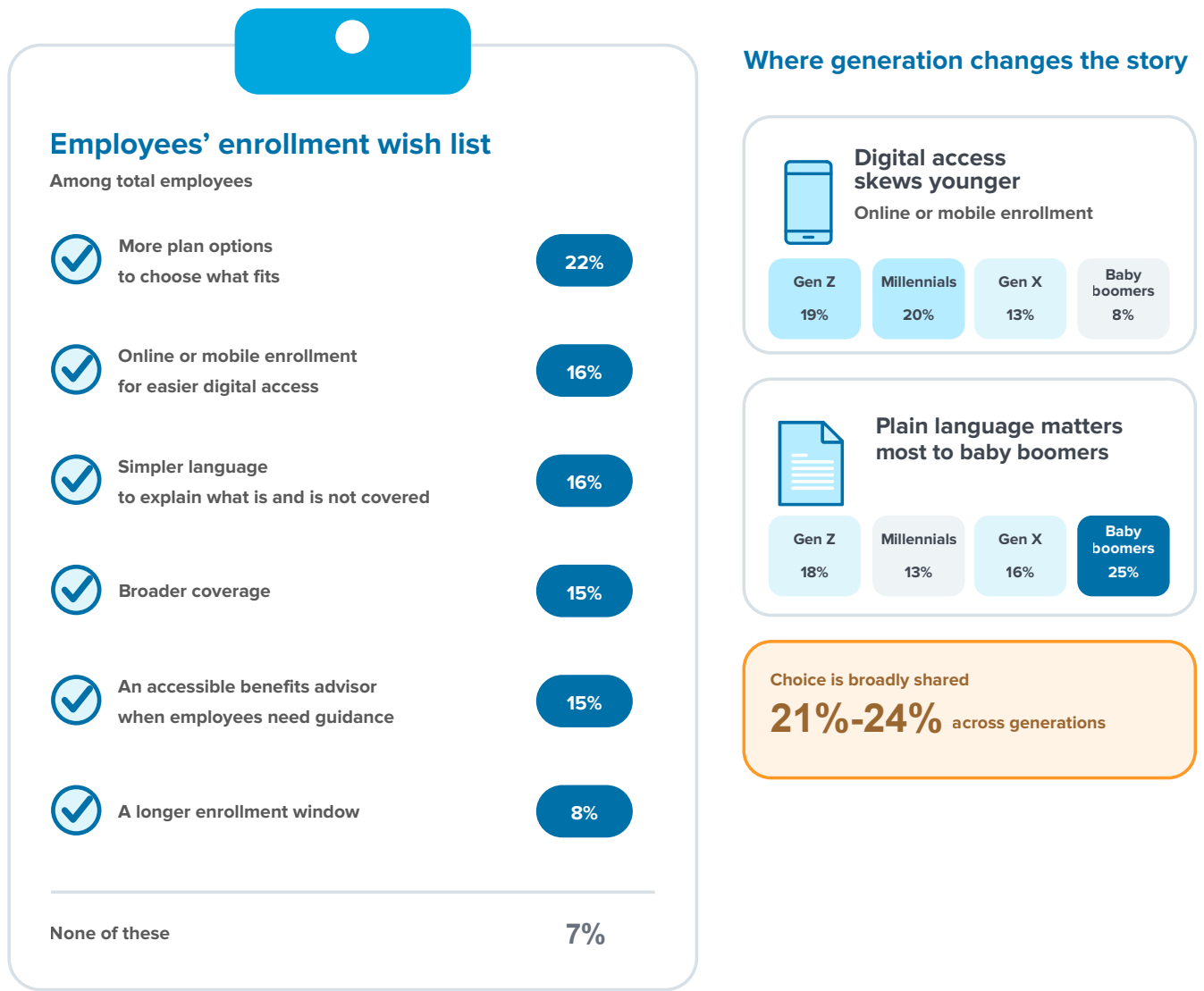
Nine in 10 employees repeat the same benefit choices each year; among those who make a change, new options (55%) and life events (35%) are the leading prompts.



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

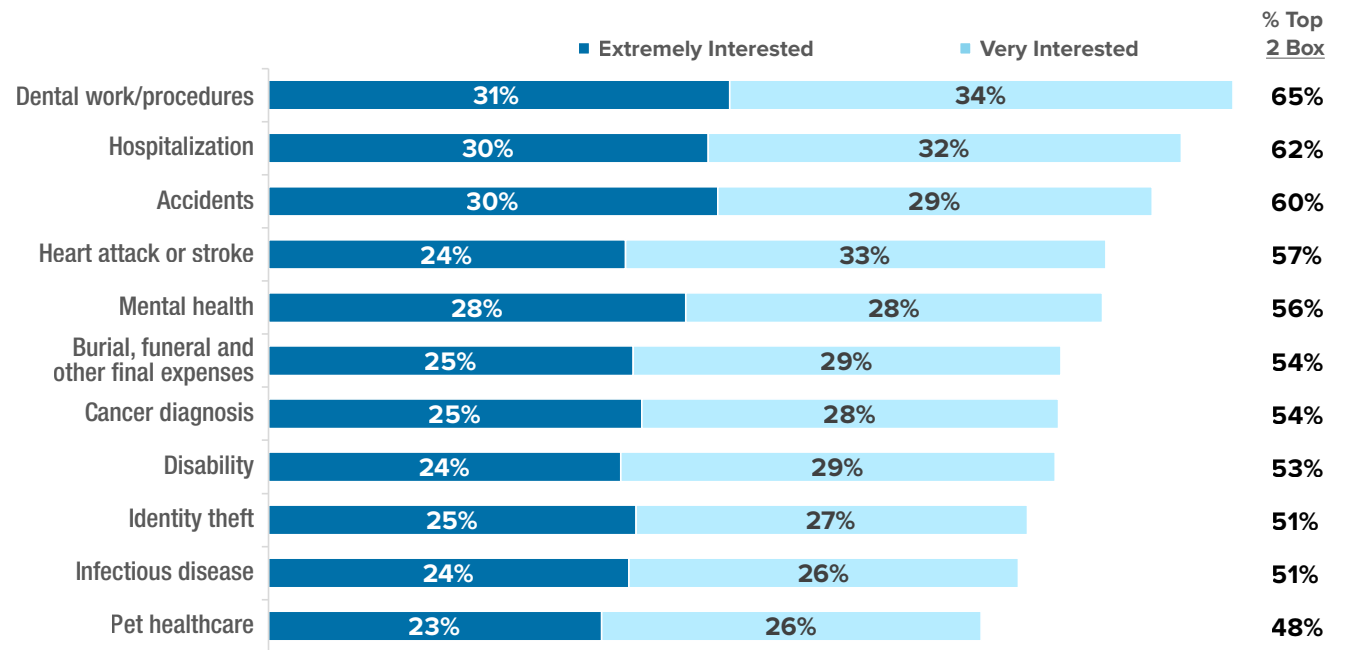
Aflac combines digital enrollment capabilities with access to licensed benefits advisors. Employers can integrate Aflac enrollment into leading benefits platforms including supplemental insurance offerings or use Aflac's enrollment technology, supported by customized communications and consultation scheduling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

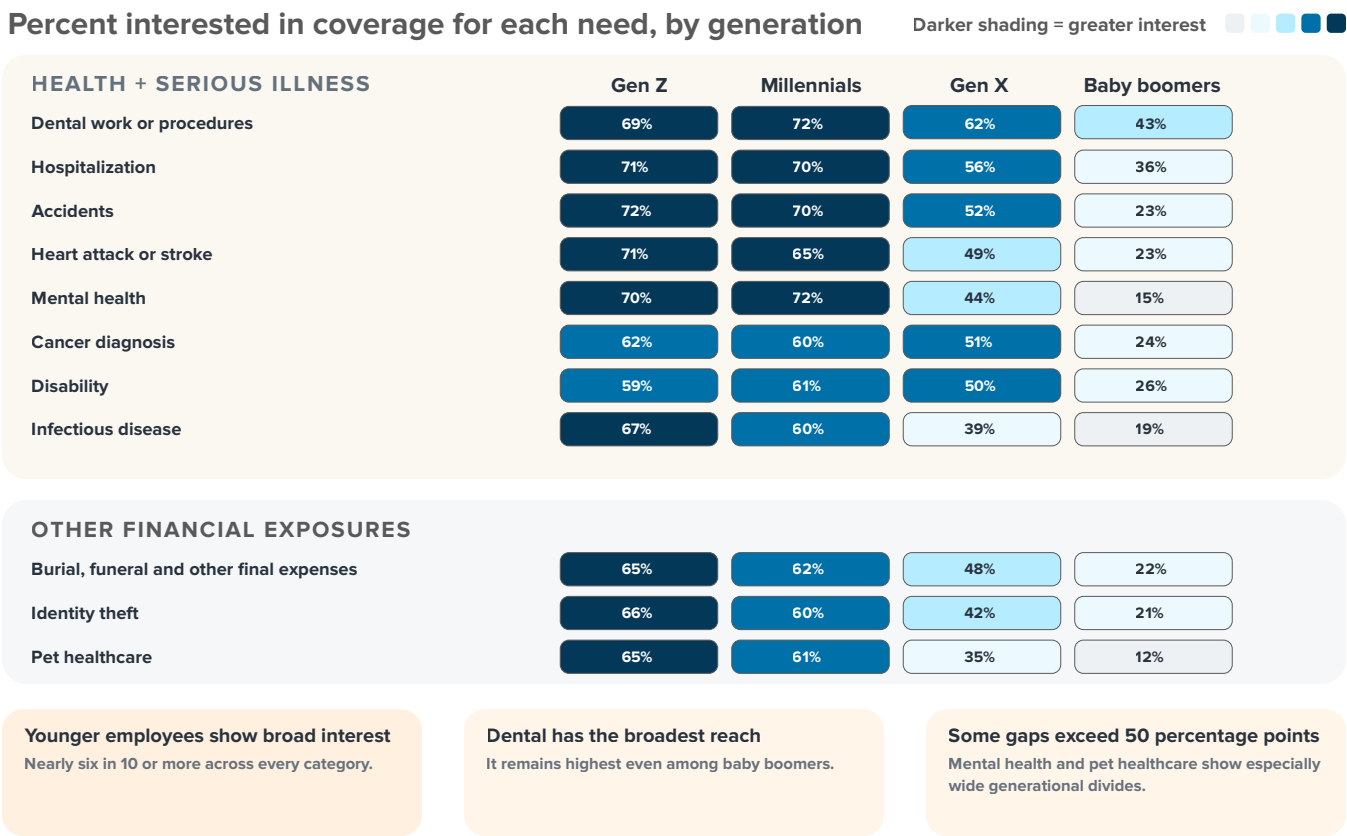


Question: How interested are you in purchasing supplemental benefits and/or other insurance plans to help offset financial costs related to ...



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%).

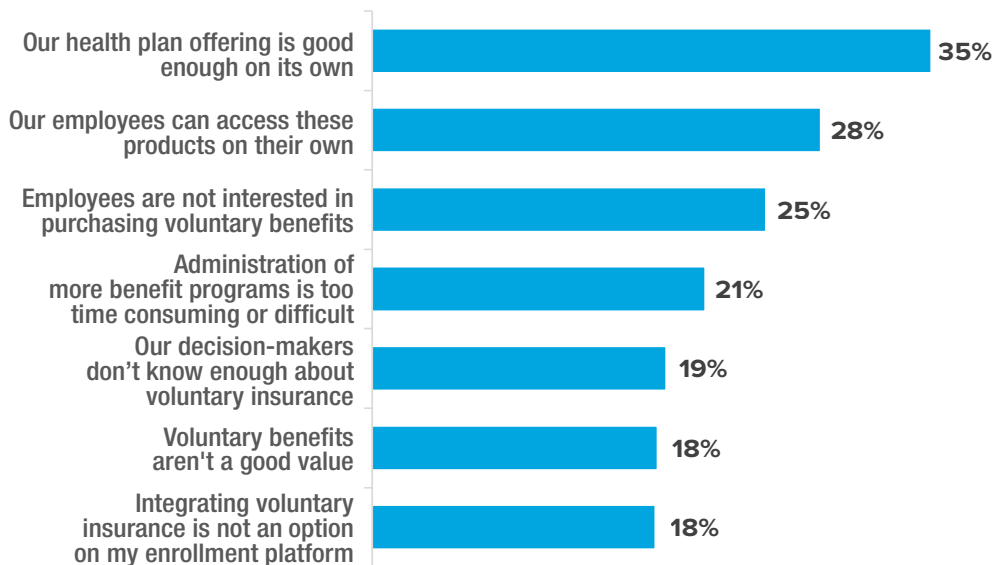


Question: How interested are you in purchasing supplemental benefits and/or other insurance plans to help offset financial costs related to ...



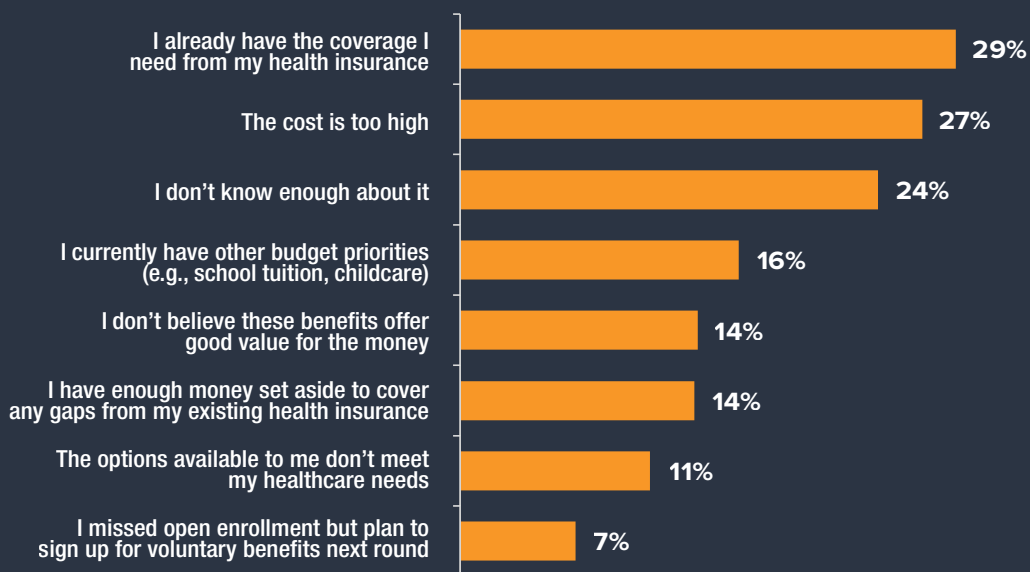
Availability to supplemental benefits has expanded, but access and understanding continue to affect enrollment. Among employers that do not offer supplemental insurance, common reasons include a belief that existing medical coverage is sufficient or that employees can obtain similar products elsewhere. 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.

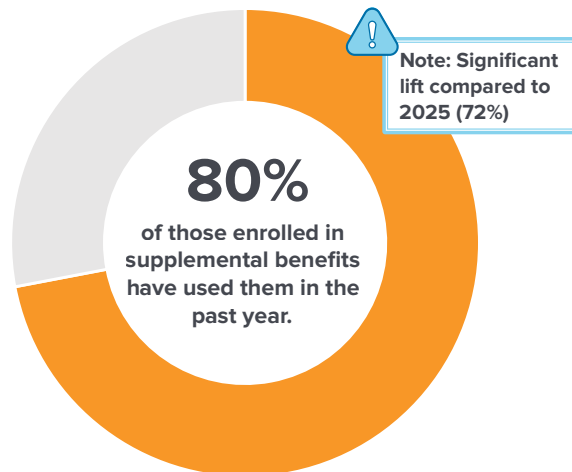


Employee question: Why didn't you enroll in voluntary benefits? *Asked among employees who are offered supplemental benefits, but do not enroll.

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.

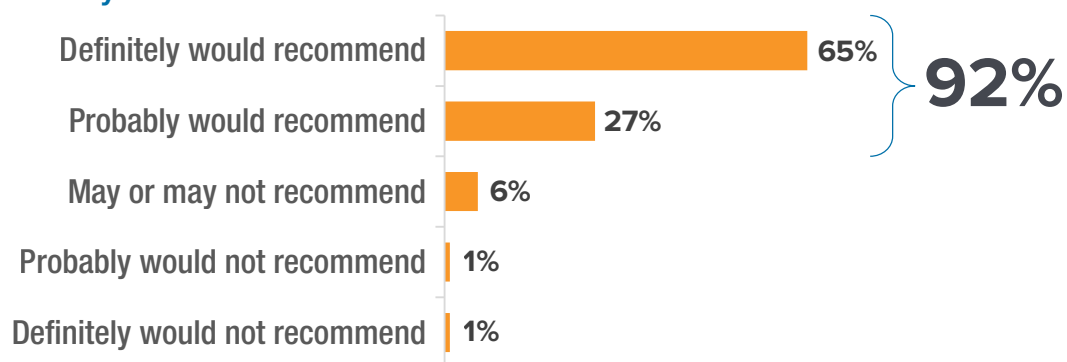
Once employees enroll, supplemental benefits are frequently used and highly valued. Eighty percent of enrollees say they used at least one supplemental benefit during the past year, and the large majority (92%) would recommend enrollment to a friend or family member, marking a significant uptick from 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.