



Section 3

Fiscal fitness for care

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

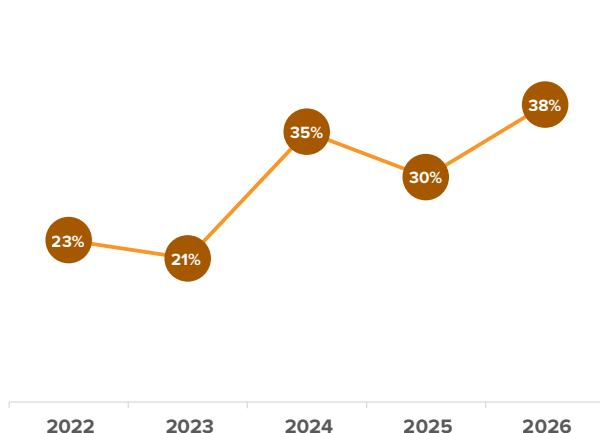
Feeling confident in major medical coverage does not necessarily mean being financially prepared for a serious illness or injury. Employees may understand how their plan works and feel secure in their day-to-day finances while still lacking the savings or financial resources to absorb out-of-pocket costs,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

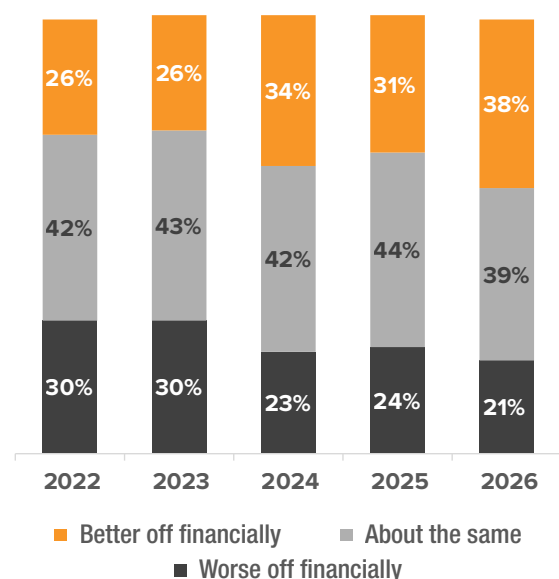
Employees' perceptions of the economy and their personal finances have improved steadily during the past several years. Understanding of total annual healthcare expenses has also reached a record high. On the surface, employees appear to be entering Q4 2026 with a stronger sense of financial control.

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.

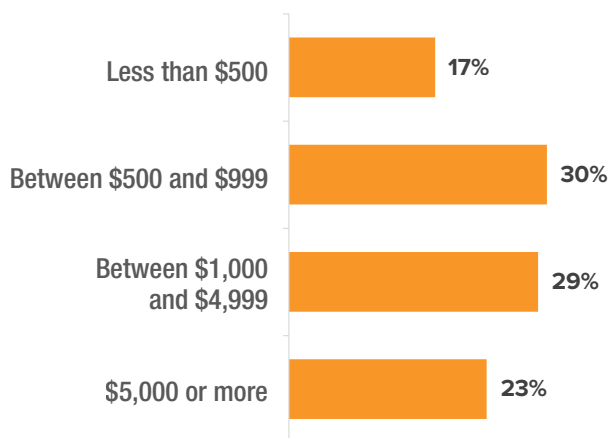


Question: Would you say that you and your family are ...?



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.



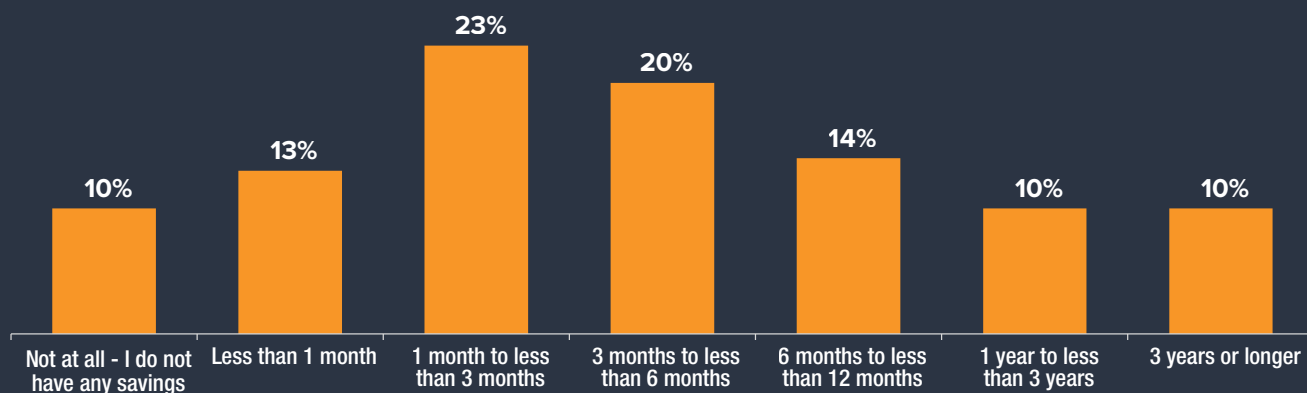
Question: How much would you be able to pay for out-of-pocket expenses if an unexpected serious illness or accident occurred today?

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

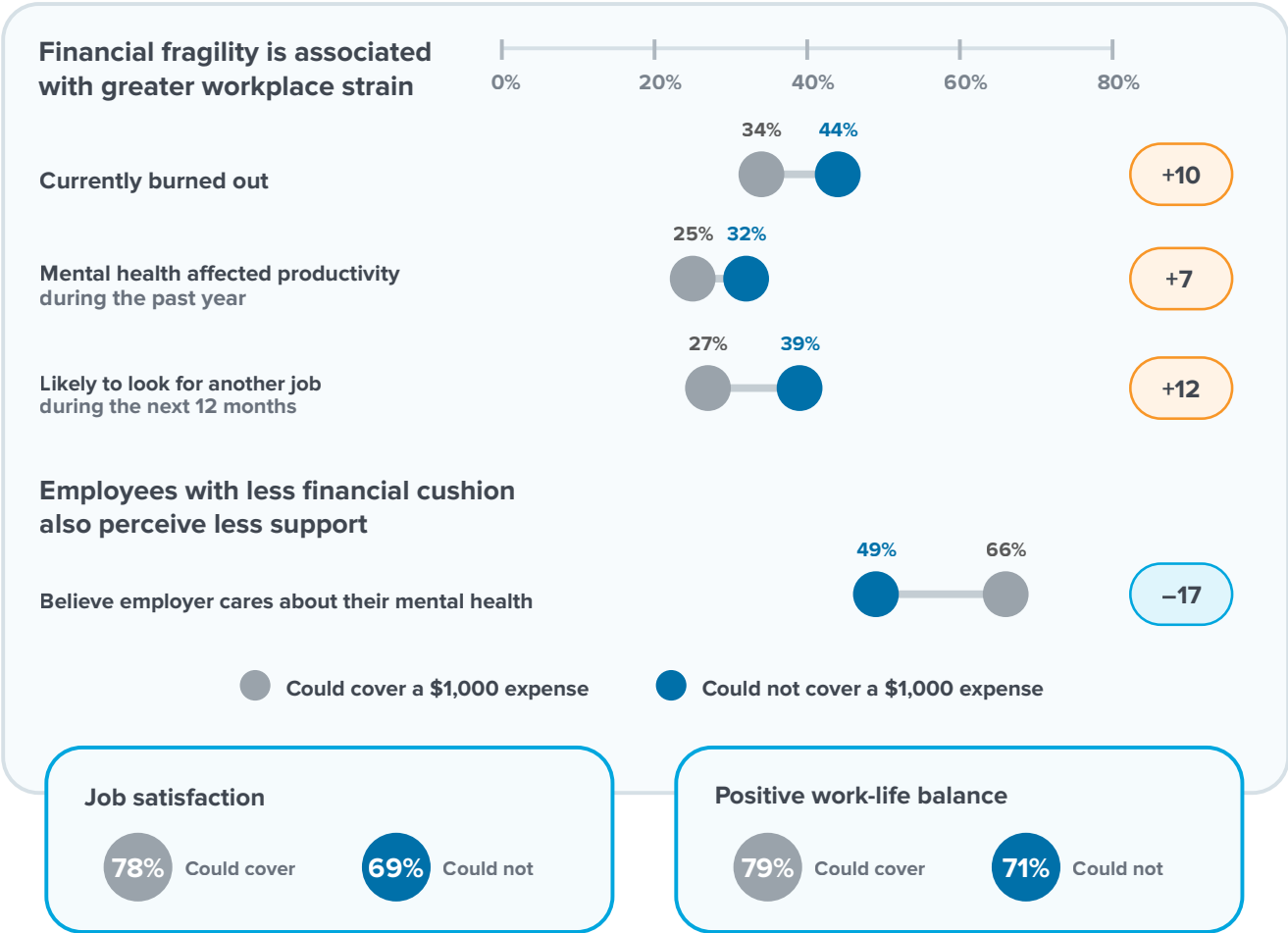
Helping protect a portion of income when an illness or injury interrupts work

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.

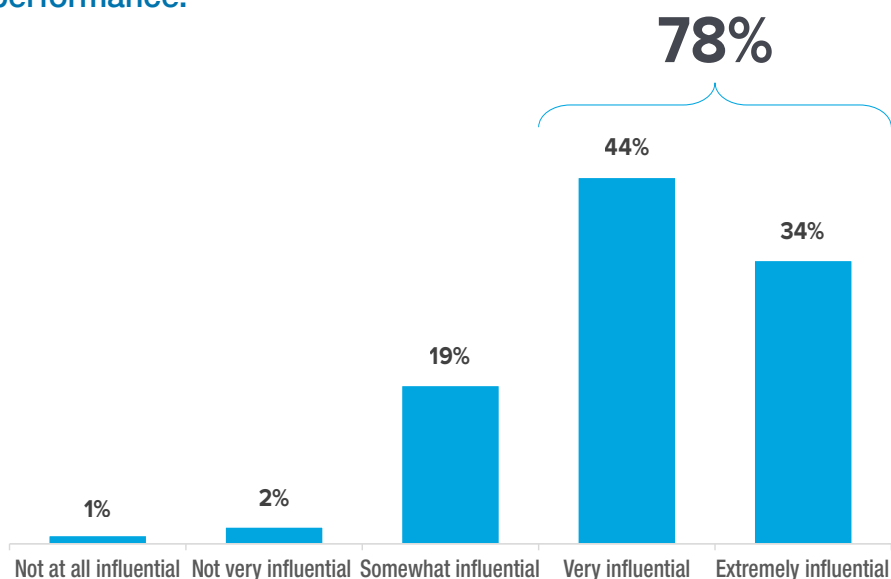
Employees’ ability to absorb a \$1,000 out-of-pocket medical expense is closely associated with how they experience work. Those unable to cover the expense are more likely to report burnout, say their mental health negatively affected their productivity over the past year and expect to look for another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

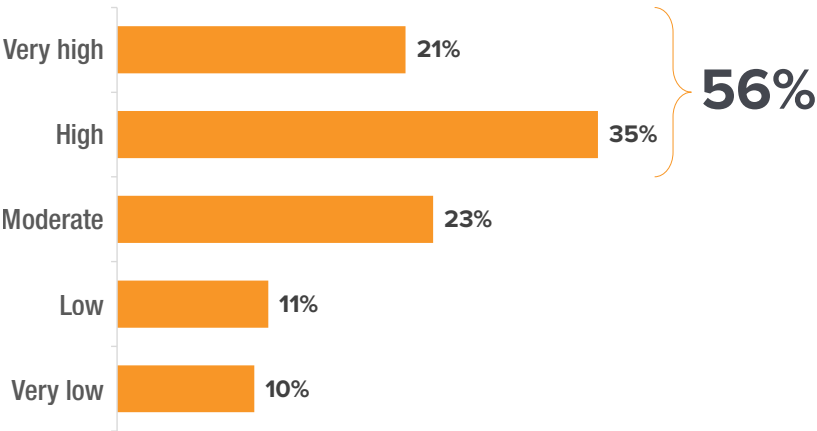


Healthcare affordability shapes when and how employees seek care

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.

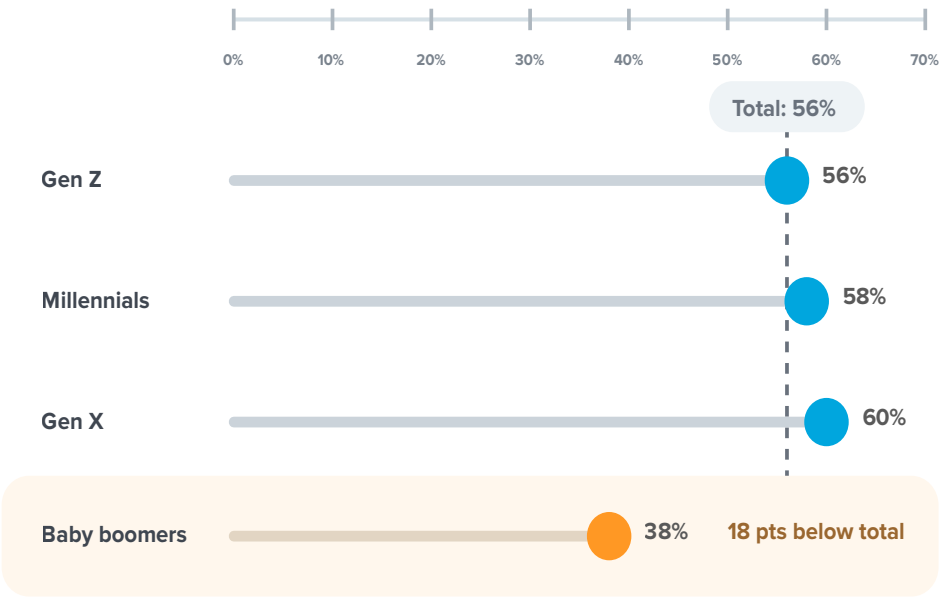
More than half (56%) of employees report high or very high anxiety about healthcare costs beyond coverage.

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

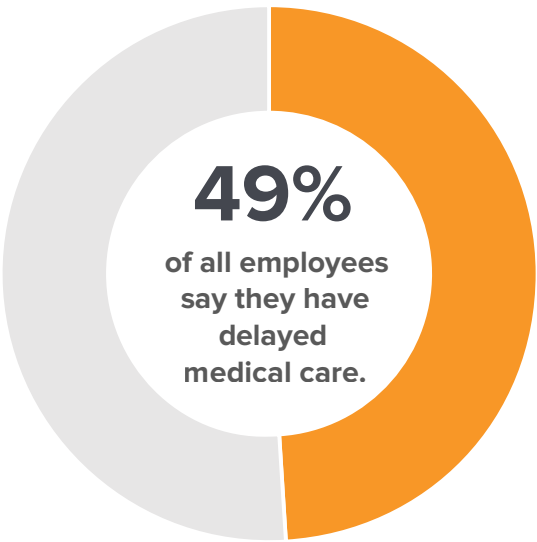


Gen Z, millennials and Gen X are each significantly higher than baby boomers.

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

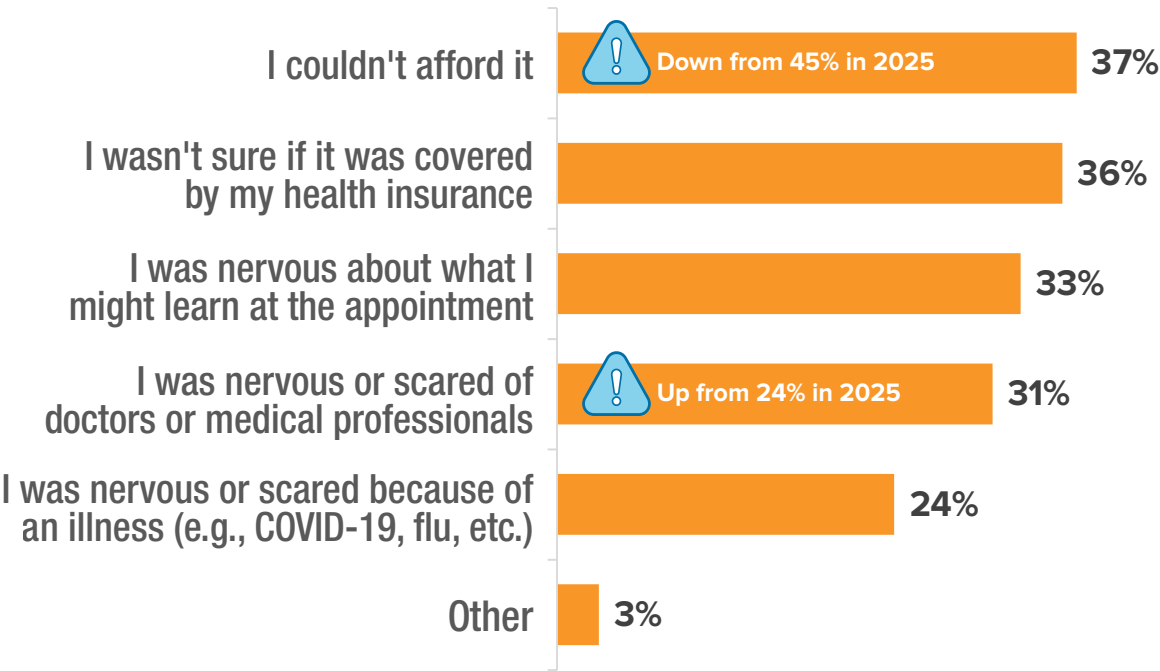
Cost uncertainty is also affecting more than how employees feel; it is shaping when and how some seek care. Delays extend across doctor visits, procedures, prescriptions and diagnostic testing, showing that affordability concerns can influence multiple points in the care journey.

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?

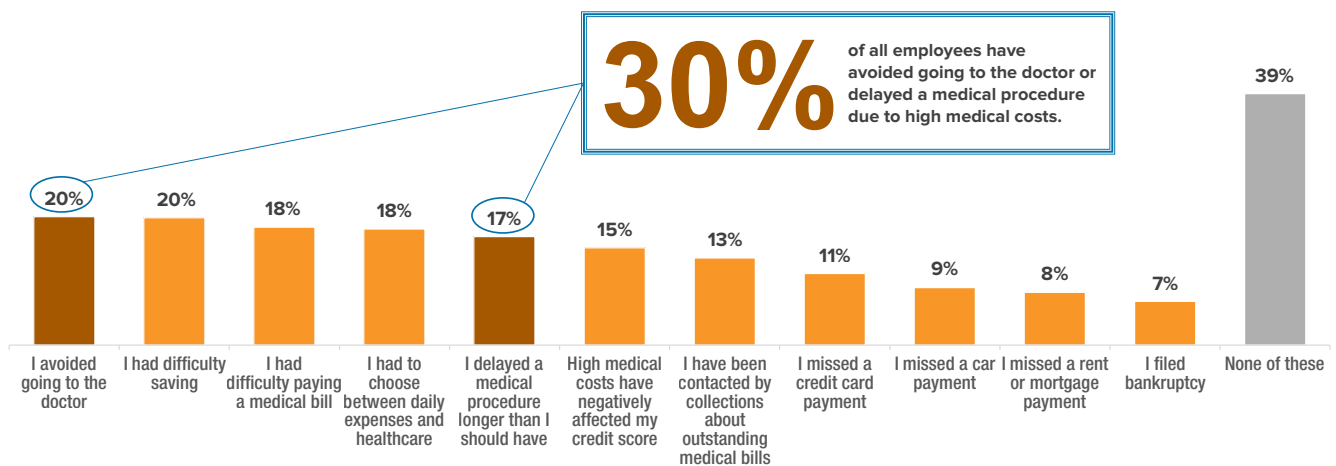
Cost and uncertainty about coverage are the leading reasons employees give for delaying care.



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?

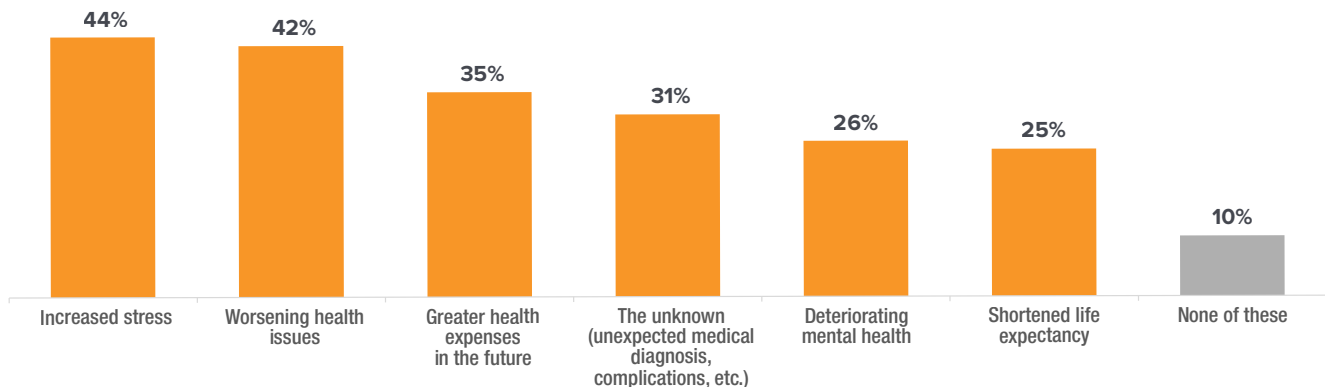
Employees generally understand that delaying care may lead to worse health outcomes and greater costs later. But that longer-term risk can be difficult to prioritize when the immediate expense feels unmanageable. The decision is not necessarily the result of poor health literacy. It can be a rational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



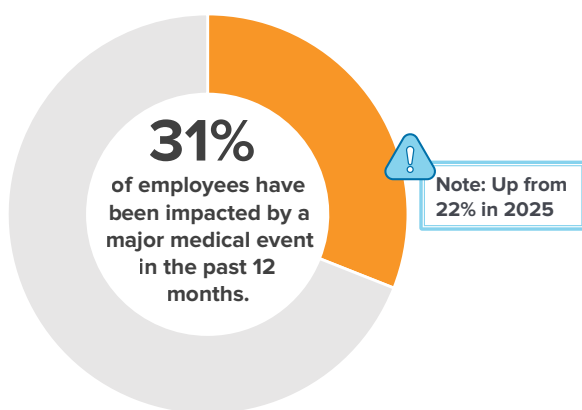


Serious illness creates costs employees do not see coming

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.

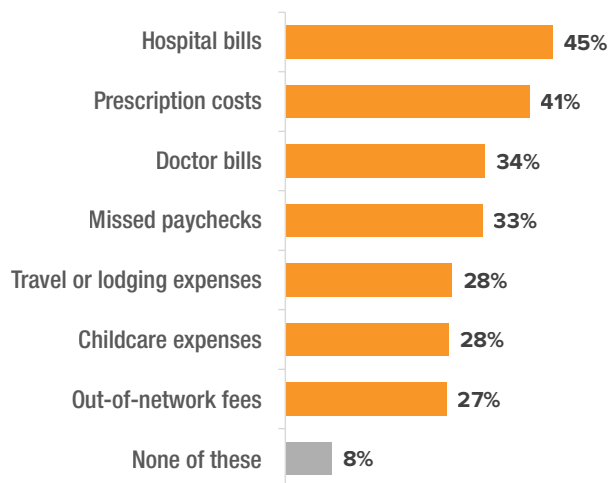
These findings are a reminder that the true cost of illness goes far beyond what appears on an explanation of benefits. Even when treatment is covered, time away from work and navigating routine care can destabilize a household. Traditional health insurance remains essential, but it is not designed to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

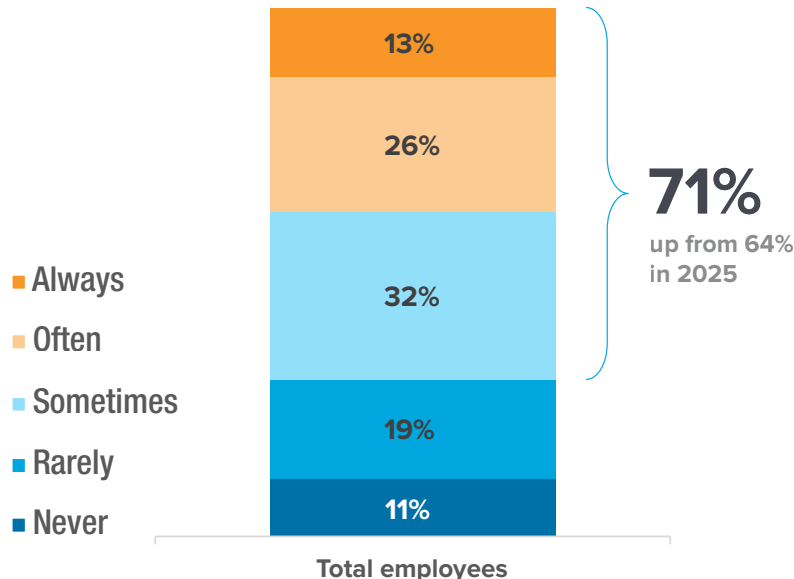
Unexpected costs extended beyond medical care to missed income, prescriptions, travel and other everyday needs.



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

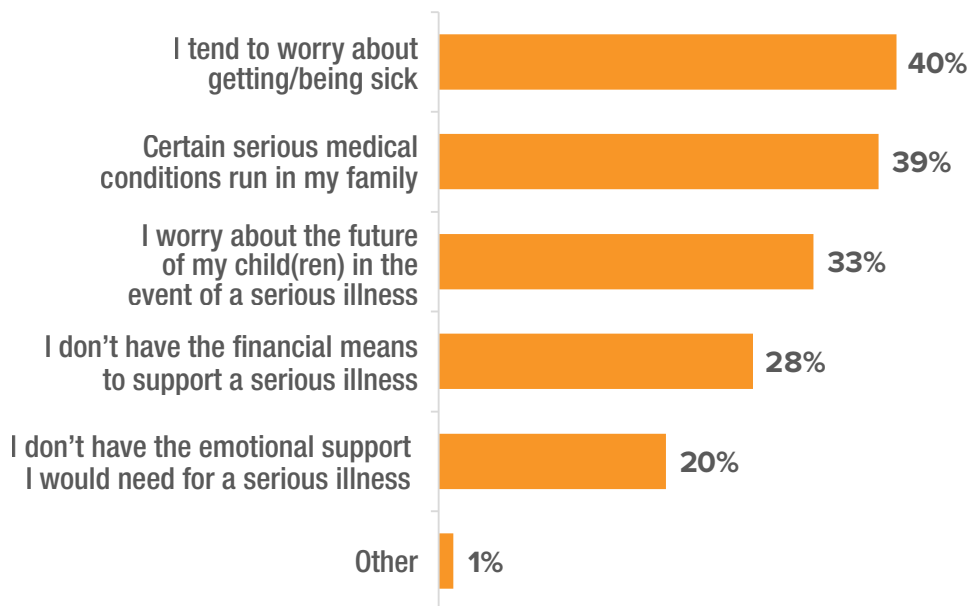
Many employees worry about the potential for serious illness diagnosis, shaped by family history and personal health concerns as well as the financial disruption an illness could bring.

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?

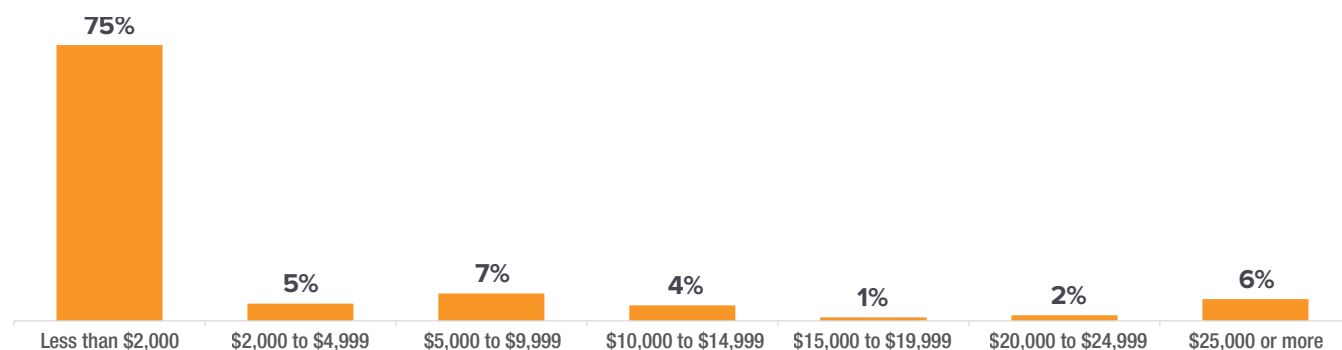
Family history and personal health concerns are among the leading reasons employees think about a possible serious diagnosis.



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.

