

Worksite in Progress.

The pathway to
voluntary benefits
success

Q3 2025 Report

A story of wealth, not wages



::: MassMutual

FOR EMPLOYERS. NOT FOR USE WITH EMPLOYEES.

Introduction

On the surface, working Americans¹ are feeling more secure and stable in Q3. But with stagnating incomes and declining cash funds, what's driving the uptick in sentiment?

The latest edition of *The pathway to voluntary benefits success* quarterly report examines working Americans' perceptions of financial well-being – with a record high reading in the Workforce Financial Stability Score (WFSS)sm. As ever, it is based on data from our monthly WFSSsm surveys, which measure working Americans' perceptions across six financial dimensions:



- 01 Ability to manage expenses between paychecks
- 02 Ability to withstand unexpected expenses
- 03 Ability to help others financially
- 04 Overall net worth
- 05 Confidence in meeting longer-term goals
- 06 Likelihood of reaching personal retirement goals

The Q3 report shows a marked shift across the three specific working American segments² we cover: The Financially Challenged, Stable, and Healthy.

- 01 Financially Challenged Americans are struggling the most
- 02 Financially Stable Americans are more secure but with room for improvement
- 03 Financially Healthy Americans are the most positive about their finances

¹ The MassMutual Workforce Financial Stability Score measures the changing attitudes and financial outlook of working Americans. Commissioned by MassMutual, the research began in June 2022 and is conducted online, monthly, among a nationally representative sample of 1,000 U.S. middle-market employees. For purposes of this research, MassMutual defines working Americans and middle-market employees between ages 22 and 67, working at firms with at least 25 benefit-eligible employees, with a household income of \$40,000 to less than \$150,000, and assets less than \$300,000.

² Working Americans are segmented into three cohorts based on the WFSS, using a scale from 0 to 100 to indicate the overall sentiments of financial well-being: Financially Challenged – survey respondents who scored between 0 and 39, Financially Stable – survey respondents who scored between 40 and 69, and Financially Healthy – survey respondents who scored between 70 and 100.

What you need to know



Quarterly scores:

Financial stability among working Americans

Record-high WFSS reflects a story of wealth, not wages

The third quarter of 2025 marks a new record high for the Workforce Financial Stability Score (WFSS), reaching 59.5. However, stagnant incomes and a sharp decline in emergency savings indicate that the increased WFSS is not fueled by broad-based prosperity but is instead lifted by a growing 'Financially Healthy' segment whose wealth is expanding through investment gains. This creates a two-track reality where the financially secure pull further ahead while the Financially Stable and Financially Challenged segments grapple with persistent cash-flow pressures, highlighting a widening gap in financial well-being rather than a shared economic recovery.



Generations up-close:

Digging into financial well-being by generation

The generational wealth divergence continues

A generational look at the record-high WFSS exposes a stark divergence in financial fortunes. Younger generations are the clear engines of growth, with older Gen Z and Millennials experiencing substantial increases in their financial stability scores, driven by significant growth in their average retirement and investable assets. In contrast, older generations face a more precarious situation. Gen X shows only modest gains while their emergency savings slip. Younger Baby Boomers are the only cohort whose financial well-being has worsened, as their WFSS declines amid dwindling retirement funds and increased financial strain. This trend highlights a widening gap: younger working Americans are building wealth, while their older counterparts navigate a more fragile, uneven path.



Spotlight insight:

Perceptions and opportunities around voluntary benefits

Increasing value drives benefits engagement

This quarter sees a significant positive shift in employee engagement with benefits – both basic and voluntary. This newfound appreciation is rooted in a growing understanding of the benefits themselves, empowering employees to feel more prepared for open enrollment and to plan to invest more time and money in their selections. However, the motivations behind this engagement differ across financial segments: the Financially Challenged are more focused on protecting their families in the case of injury or illness, while the Financially Stable and Financially Healthy are more likely to see a dual value – not just to protect their families when health issues arise, but also as a path to support their financial futures. Regardless of motivation, this presents an opportunity for tailored guidance and communication from benefits producers and employers.

Quarterly scores

Record-high WFSS reflects a story of wealth, not wages

This quarter's strong WFSS masks diverging financial realities.

The third quarter of 2025 sees the highest WFSS on record at 59.5, up more than 2 points since last quarter and nearly 4 points since last year. Nearly all components of the score are up since Q3 2024, especially confidence that households are doing what is needed to meet future goals (+6.7 points).

Importantly, we also see a shift in the proportions of the WFSS segments this quarter. For the first time since tracking began, we have more working Americans in the Financially Healthy segment than in the Financially Stable or Financially Challenged segments. That is, the Financially Healthy group has increased slowly over time, while the Financially Stable (formerly the largest segment) and Financially Challenged groups have shrunk.

Yet, managing expenses between paychecks hasn't gotten easier since last year (-0.4 points), average household incomes are relatively stagnant, and significantly fewer working American households report having emergency funds of \$400+ in Q3 2025 (44% vs. 55% in Q3 2024). A deeper look at our segments helps explain the dichotomy of a record-high WFSS and a growing Financially Healthy segment despite stagnant incomes and declining cash funds.

Financially Healthy – boosting the overall WFSS with stable incomes and growing investments.

Unsurprisingly, the growing Financially Healthy segment is the primary driver of the record-high WFSS. Accounting for about 2-in-5 working Americans this quarter (39%), this group expresses a strong sense of control over their finances, backed by stable income, effective money management, and a clear path toward long-term goals. As the only segment with an improved WFSS and steady incomes since last year, as well as growth in their investments, their confidence about doing what is needed to meet longer-term goals has increased considerably (+3.5 points). This is despite declines in their ability to manage expenses between paychecks (-2.3 points) and the proportion with emergency funds (49%, -15 points).



Q3 2025 AVERAGES

vs. Q2 '25 vs. Q3 '24

Workforce Financial Stability Score

59.5 +2.6 +3.8

PRESENT

My ability to manage my expenses between paychecks

66.5 +1.3 -0.4

My ability to withstand unexpected expenses

57.5 +1.7 +2.3

My ability to help others financially

52.6 +2.4 +5.1

My overall net worth

58.0 +2.5 +4.1

FUTURE

Confidence household is doing what is needed to meet longer-term goals

58.8 +4.0 +6.7

Likelihood will reach personal retirement goals

65.1 +3.1 +3.4

Quarterly scores

Record-high WFSS reflects a story of wealth, not wages

Financially Stable – hanging onto cautious optimism as short-term pressures mount.

The WFSS for Financially Stable working Americans holds relatively steady at 56.0 in Q3 2025, masking underlying shifts in their financial situation. Year-over-year declines in managing expenses (-3.8 points), handling unexpected costs (-1.9 points), and maintaining emergency funds (-10.0 points) reflect ongoing challenges. Furthermore, setbacks in their incomes and retirement accounts add further strain. Nonetheless, this segment continues to show resilience, with increased optimism about their efforts on long-term financial goals (+3.4 points) as they start to see modest gains in their investable assets.

Financially Challenged – slipping further into financial turmoil.

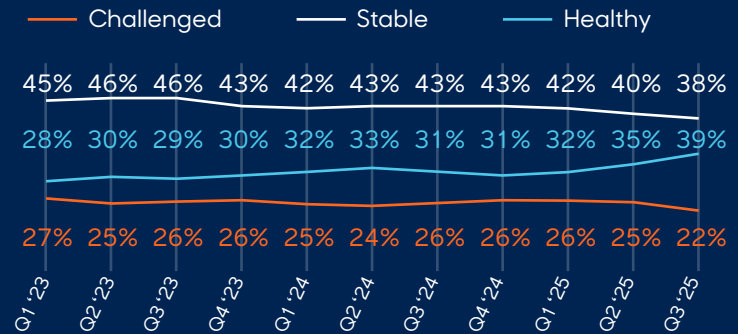
In the third quarter of 2025, we see a slightly smaller Financially Challenged segment, representing about 1-in-5 working Americans (22%). Despite a small uptick since last quarter, their overall WFSS (23.8) sits just below the Q3 2024 level. Further struggles for this group are revealed by a substantial decline in their ability to manage expenses between paychecks since last year (-3.7 points), and keep emergency funds (26%, -8.0 points). Although investable assets remain relatively stable for this segment, they face minor declines in both their incomes and retirement accounts.

These differences in the financial wellness of our segments suggest that the record-high WFSS in Q3 2025 is not a reflection of universal prosperity, but rather an average lifted primarily by a growing Financially Healthy segment. Closer examination of these differences more likely indicates a widening gap in financial well-being rather than a broad, shared recovery among working Americans.

Workforce Financial Stability Score by month



% Working Americans by WFSS segment



	CHALLENGED	STABLE	HEALTHY
WFSS Q3 2025	23.8	56.0	83.3
vs. Q2 2025	+1.0	+0.4	+0.3
vs. Q3 2024	-0.5	-0.2	+1.5

So what?

Develop persona-based communication

Create messaging for the “Strained but Stable” employee who is concerned about day-to-day costs and the Financially Challenged employee who needs foundational support. Acknowledge their reality with phrases like, “Feeling the squeeze between paychecks? You’re not alone. Here are tools that can help right now.”

Help rebuild a safety net – especially for the Financially Stable and the Financially Challenged

The sharp decline in emergency funds is a critical warning sign that many working Americans are more vulnerable than ever to unexpected expenses. While long-term goals like retirement remain important, addressing foundational needs for short-term security can build trust among these segments by helping them solve today’s problems.

Continue to cultivate growth for the Financially Healthy

While the majority struggles, the growing Financially Healthy segment has unique needs that should not be overlooked. Their wealth is growing through assets, and they are looking for ways to optimize and help protect what they’ve built. Effective engagement with this group requires a more sophisticated approach beyond basic financial literacy, such as advanced financial resources and goal-oriented planning tools.



Generations up-close

The generational wealth divergence continues

A generational analysis also provides a nuanced story of this quarter's record-high WFSS. Again, we learn that this economic turn is not universal but reflects different financial journeys. That is, while younger generations are building wealth and driving the score upward, older generations are navigating a much more fragile and uneven path, widening the gap in financial well-being.

Older Gen Z* and Millennials: The engines of growth.

The driving force of this quarter's record-high score is undeniably the younger generations, who have made substantial financial strides over the past year.

Older Gen Z working Americans see the most improvement, with their WFSS up 6.2 points. This increase is fueled by a fundamental shift in their financial standing – the proportion falling in the 'Financially Healthy' segment has soared to 51% (from 36%) in just one year. Average retirement savings for this generation have grown by over 60% to \$44.1K (from \$26.9K in Q3 2024) and their investable assets have improved as well, supporting their increased confidence that their households are doing what is needed to meet long-term goals.

Millennials are on a similar trajectory, with their WFSS increasing 5.1 points since Q3 2024. Similarly, the 'Financially Healthy' segment of this generation has grown by 10 points to 44%. Millennial working Americans have seen strong year-to-year growth in both their average retirement accounts and their investable assets (which includes their ownership of crypto/NFTs, which has more than doubled in a year, from 13% to 27%). This progress is reflected in their financial outlook, with a significant increase in those who feel they are doing what is needed to meet longer-term goals.



Workforce Financial Stability Score Q3 2025 (vs. Q3 2024)

OLDER GEN Z	MILLENNIAL	GEN X	YOUNGER BABY BOOMER
67.0	62.5	55.3	54.3
+6.2	+5.1	+2.7	-3.1

Q3 2025 key WFSS dimension: Confidence household is doing what is needed to meet longer-term goals (vs. Q3 2024)

OLDER GEN Z	MILLENNIAL	GEN X	YOUNGER BABY BOOMER
70.1	63.7	52.9	48.8
(+8.2)	(+8.6)	(+4.9)	(-1.7)

Q3 2025 WFSS financial segments (vs. Q3 2024)

OLDER GEN Z	MILLENNIAL	GEN X	YOUNGER BABY BOOMER
Financially Challenged			
12%	19%	27%	29%
(-5)	(-5)	(-4)	(+6)
Financially Stable			
37%	37%	40%	40%
(-10)	(-4)	(-3)	(-4)
Financially Healthy			
51%	44%	33%	30%
(+15)	(+10)	(+7)	(-4)

Generations up-close

The generational wealth divergence continues

Gen X and younger Baby Boomers*: A more complicated picture.

While younger working Americans are progressing, the financial journey for older generations is mixed, highlighting the diverging realities beneath the surface of the overall WFSS.

Gen X working Americans see a comparatively modest 2.7-point increase in their WFSS in Q3 2025, with their share of 'Financially Healthy' rising from 26% to 33%. While they've seen some average investment growth, underlying pressures remain. The most alarming trend is a steep drop in emergency savings – only 44% in Q3 2025 report having an emergency fund of \$400+, a 12-point decline since a year ago. Also, unlike their younger counterparts, their average retirement balances have decreased year-over-year, suggesting they may be prioritizing immediate needs over long-term goals.

Younger Baby Boomers are the only generation whose financial well-being has worsened over the past year, with their WFSS falling 3.1 points. This cohort is moving in the opposite direction of the trend, with their 'Financially Challenged' segment growing to 29% (from 23% a year ago). In fact, every component of the WFSS is down for this generation of working Americans compared to a year ago – especially their ability to manage expenses between paychecks (-6.6 points). Additionally, their average retirement savings fell by over \$11K (to \$63.5K), with only 66% owning retirement accounts this quarter (vs. 82% in Q3 2024). Ownership of investable assets has also dipped among younger Baby Boomers (23% vs. 30%), along with a decline in average investment balances for those who still have them.



Q3 2025 average value of household assets (% change vs. Q3 2024)

OLDER GEN Z	MILLENNIAL	GEN X	YOUNGER BABY BOOMER
Retirement accounts			
\$44.1K (+64%)	\$51.7K (+8%)	\$60.5K (-8%)	\$63.5K (-15%)
Investment accounts			
\$45.8K (+41%)	\$44.4K (+26%)	\$40.6K (+16%)	\$34.8K (-7%)

Q3 2025 proportion with cash emergency funds of \$400+ (vs. Q3 2024)

OLDER GEN Z	MILLENNIAL	GEN X	YOUNGER BABY BOOMER
39% (-15)	43% (-8)	44% (-12)	57% (-5)

* Note: Survey sampling is limited to workers aged 22-67

A generational divide in financial well-being



“I have a large amount of savings and retirement built already. I have a financial advisor that’s helping me set and reach my goals.”

Financially Healthy, older Gen Z, Female



“Stable high income, strong retirement savings, homeownership, and financial security give me confidence in my current and future well-being.”

Financially Healthy, Millennial, Male



“It’s easier to choose the right benefits when I fully understand costs, coverage, and how they apply to real situations. Clear info builds confidence.”

Financially Healthy, Millennial, Female



“We don’t have any savings for anything unexpected.”

Financially Challenged, Gen X, Female



“I am worried that inflation will make it hard for me to retire comfortably.”

Financially Challenged, younger Baby Boomer, Female

So what?

For older Gen Z and Millennials: Shift from saving to protection

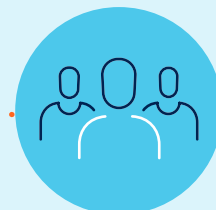
Frame benefits as a strategic tool that can help protect their rapidly growing assets. (“Disability Insurance isn’t just for sickness or injuries; it’s income protection and can also fund retirement accounts to help ensure your investment goals continue.”) Also, go beyond basic budgeting tools with educational content on asset allocation, understanding different financial products, etc.

For Gen X: Help rebuild the buffer

Messages that position benefits (e.g., Group Accident Insurance, Group Hospital Indemnity Insurance, and Group Critical Illness Insurance) as a “first line of defense” can be powerful for those with dangerously low cash reserves. (“Group Critical Illness Insurance or Group Hospital Indemnity Insurance can provide added financial support, helping reduce deductibles, out-of-pocket costs, or other unexpected expenses so you may not need to rely on your savings or retirement funds.”) Also, highlighting how a potentially affordable, predictable premium for Disability Insurance or Life Insurance today may provide a significant financial backstop for tomorrow.

For Baby Boomers: Help defend the nest egg

A direct message around the importance of preservation may serve them well. Given the uncertainty of markets and fast-approaching retirement, emphasize the support that benefits can offer to help them stay on course. (“You’ve worked a lifetime to build your retirement savings. Don’t let a health crisis potentially put it at risk.”). Also, help them bridge the path to retirement by highlighting the portability of benefits beyond employment and their important role in managing the high cost of healthcare during retirement.



Spotlight insight

Increasing value drives benefits engagement

The third quarter of 2025 reveals a notable shift in how working Americans view benefits. This includes more who have a better understanding of the various benefit options available to them – as well as their role in retirement planning and protecting their families when health issues arise. Accordingly, more feel prepared for open enrollment this quarter (68%, up 7 points since August 2024).

Comprehension of **voluntary benefits** has particularly improved year-over-year, with substantial gains for Disability Insurance (+11), Long-Term Care Insurance (+8), Life Insurance (+8), and Hospital Indemnity Insurance (+6). Now, nearly 7-in-10 (68%) see voluntary benefits as valuable (a 5-point jump since last year), and a growing number plan to spend more time (37%, +7 points) and money (29%, +5 points) on their voluntary benefit selections.

However, while the overall value of voluntary benefits has increased across all WFSS segments, the motivations behind their actions differ, reflecting distinct needs and mindsets based on financial situations.

The Financially Challenged: Focused on value and protecting their families.

Though the primary focus of benefits for Financially Challenged working Americans is protecting their families in case of injury or illness (70%), there is growing awareness of the role benefits can play in retirement support (61% vs. 54% in August 2024). This is despite their concern that benefit costs will rise and that inflation is limiting their budgets for benefits and retirement.

Yet, their overall understanding of benefits has not improved, particularly for voluntary products like accident insurance (-8 points) and critical illness insurance (-5 points). Appropriately, some Financially Challenged workers expect to spend more time on their voluntary benefit selections this year (30%, +3 points), though few plan to spend more money (16%, -4 points).



August 2025

68% feel voluntary benefits are very valuable or valuable (vs. 63% in Aug 2024)

54% (vs. 48%) Financially Challenged
61% (vs. 60%) Financially Stable
86% (vs. 79%) Financially Healthy

September 2025

37% plan to spend a lot or a little more time making voluntary benefit selections (vs. 30% in Sep 2024)

September 2025

29% expect spending for voluntary benefit selections will be a lot or a little more (vs. 24% in Sep 2024)

August 2025

68% feel extremely prepared or prepared to make enrollment selections (vs. 61% in Aug 2024)

Spotlight insight

Increasing value drives benefits engagement

The Financially Stable: Embracing the dual value of benefits

The Financially Stable segment is increasingly looking to benefits to serve two purposes. More this year see benefits as a means to protect their families in the case of injury, illness or death (82% vs. 76%) and more also see them as helping support their retirement plans (78% vs. 75%).

Unlike the Financially Challenged cohort, their growing appreciation of benefits comes with increased understanding of some specific products, including disability insurance (+11 points) and long-term care insurance (+6 points). While some plan to spend more time researching their voluntary benefit options (32%, +1 point), about 1 in 4 expect their spending for voluntary benefits to go up (24%, +3 points).

The Financially Healthy: Champions of forward-looking engagement.

Financially Healthy working Americans continue to view benefits not just as a shield to protect their families in case of injury or illness, but also as a means to help support their financial futures. They feel even more ready for open enrollment (88%, +12 points since Aug 2024) and continue to advance their understanding of benefits – both basic and voluntary.

Importantly, this segment is driving the increase in spending, with two-in-five planning to spend more on voluntary benefits this year (41%, +11 points).

All segments seek more information and support, sooner.

Regardless of engagement level and motivation, all segments express an increasing desire for earlier access to benefits information and professional guidance to help them feel more confident that their choices will serve them well. As most working Americans shift to more active engagement, there is an opportunity for benefits advisors and employers to answer their call by providing proactive, personalized guidance.



August 2025 – % understand the following benefit options extremely well or well (vs. Aug 2024)

Medical, Dental, and/or Vision Insurance	75% (+3)
Retirement account such as a 401k, IRA, 403b, 457	64% (+3)
Life Insurance (e.g., Term, Whole Life, Universal Life)	57% (+8)
Health Savings Account (HSA)	50% (+4)
Disability Insurance (e.g., Short-Term, Long-Term)	50% (+11)
Long-Term Care Insurance	42% (+8)
Accident Insurance	32% (-3)
Hospital Indemnity Insurance	32% (+6)
Critical Illness Insurance	30% (+2)

79% of the Financially Challenged agree completely or somewhat with: 'I am concerned that the cost of my benefits will go up this enrollment period' (vs. 75% in Sep 2024)

82% of the Financially Stable agree completely or somewhat that employee benefits help protect their family in case of injury, illness, or death (vs. 76% in Aug 2024)

95% of the Financially Healthy agree completely or somewhat that having employee benefits makes them feel better about their financial future (vs. 91% in Aug 2024)

So what?

Translate value into affordability and security for the Financially Challenged

Frame benefits not as an expense, but as a cost-effective way to help achieve financial security and protection. Include a simple cost-benefit analysis to show how a predictable, potentially low-cost weekly premium can help during an unexpected event. (“If you are diagnosed with a qualifying illness or condition, this \$X/month plan may provide you with a benefit up to \$X to use any way you choose.”) Also, create bundles that group essential benefits into an easy-to-understand “starter pack” for those unsure where to begin.

Bridge the gap between protection and planning for the Financially Stable

Connect the dots and show them how these two goals are intrinsically linked. Demonstrate, for example, how protecting their income with disability insurance can also be tailored to help ensure retirement goals stay on track. Also, develop life-stage-based benefits packages tailored to specific life events (e.g., buying a home, having a child, nearing retirement) that may be highly relevant to this segment.

Shift from an enrollment event to a year-round conversation

Across all segments, there is a clear and growing demand for earlier access to information and professional guidance. Minimize the open enrollment frenzy with pre-enrollment campaigns that focus on education and self-assessment long before decisions need to be made. Also, position yourself as an ongoing resource by providing regular content, “benefit check-ups”, life-event-triggered communications, etc.





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