

Worksite in Progress.

The pathway to
voluntary benefits
success

Q1 2024 Report

Rising resilience, rising threats



∴ MassMutual

FOR EMPLOYERS. NOT FOR USE WITH EMPLOYEES.

Introduction

Welcome to our new quarterly series, where we investigate the evolving landscape of working Americans¹ and their perceived financial well-being by analyzing their changing attitudes and outlook.

Each quarterly report is based on data from our monthly Workforce Financial Stability Score (WFSS)SM 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

Our surveys also allow us to observe the evolving economic landscape's impact on their financial perspectives, enrollment experiences, and attitudes toward voluntary benefits – while also providing a closer look at financial well-being overall through the eyes of three specific segments: 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



¹MassMutual defines working Americans and middle-market employees as those 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.

What you need to know



Quarterly scores:

Financial stability among working Americans

Working Americans strive to push forward

At the start of the year consumer self-confidence and resilience to manage budgets reigned high. Outside of the WFSS dimensions, deeper financial well-being is remarkably low in March as perhaps an emerging downward shift is looming.



Segments up-close:

Digging into financial well-being by segment

Working Americans, an increasingly diverse spectrum

Financially Challenged working Americans are noticeably more worried about being able to spend outside of bills and necessities. The Financially Stable are also uneasy, with just over 1 in 4 concerned about discretionary expenses and 4 in 10 concerned about their ability to save for retirement. In contrast, Financially Healthy individuals are less concerned, possibly due to their proactive planning.



Spotlight insight:

Perceptions and opportunities around voluntary benefits

A valuable asset in working Americans' toolkit

Most working Americans, particularly the Financially Healthy, see the value in voluntary benefits. To boost their importance, educate on potential affordability and long-term savings, coverage gaps, and role in holistic financial planning. To fully showcase the necessity of voluntary benefits, it will be imperative to illuminate their inherent value and ease of use.

Quarterly scores

Working Americans strive to push forward

Consumer self-resilience was at a high...

In Q1 2024, the Workforce Financial Stability Score (WFSS) hit an unprecedented high, specifically in February. Of the most notable improvements, working Americans exhibit increased self-confidence in managing expenses between paychecks and in their ability to handle unexpected expenses.

February was a standout month, as this self-confidence reached a level not seen before. This heightened ability to navigate challenges might not have been solely due to improved bank balances. Instead, working Americans may feel increasingly empowered to take proactive steps in managing expenses and handling unexpected expenses – even indicating they'd be able to help others financially.

...but well-being is low and the future looms

Despite this, the WFSS reverts to average levels in March, dipping to 54.2 and marking a notable shift from the two months prior.

Outside of the core WFSS dimensions, there is a concerning decline in deeper level feelings when asked “how would you describe your financial well-being today” – which ebbed to a low point in March. Additionally, a mere 2 in 5 express confidence that they are doing what they need to meet long-term financial goals in March, also a sharp decline from the previous months. As one respondent put it, “The economy and inflation are out of my control. I don't think that my savings and retirement will go as far as it needs to.” While working Americans feel resilient and somewhat stable, waning well-being underscores a pressing need for guidance, support and education.

So what?

01

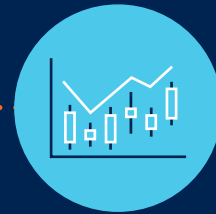
Despite the myriad of challenges thrown at them in recent years, some working Americans have become incredibly savvy and resilient through it all – confident that they know how to get by (but is that enough?)

02

On a deeper level, their feelings of financial well-being are remarkably limited, and many don't feel equipped to take the necessary actions to meet long-term goals

03

In the end, although they may be getting by, worries about discretionary spending and planning for the future signal a pressing need for targeted assistance and guidance of how to take action for their futures



Q1 2024 AVERAGES

vs. Q4 23 vs. Q1 23

Workforce Financial Stability Score

56.4 +0.7 +1.5

My ability to manage my expenses between paychecks

67.2 +0.8 +2.1

My ability to withstand unexpected expenses

55.5 +0.1 +2.0

Workforce Financial Stability Score by month



Segments up-close

Working Americans, an increasingly diverse spectrum



Financially Challenged – increasingly concerned

Since last year’s end, Financially Challenged working Americans have experienced a sharper increase in financial concerns compared to the other two segments. Notably, 2 in 3 now worry about affording discretionary expenses after covering essentials. As one consumer adeptly put it, “My income is just not high enough. I can manage our regular expenses, but not much else.”

Financially Stable – uneasy

The Financially Stable group is not immune to growing concerns either. While they haven’t reached the peak levels of the Financially Challenged, just over 1 in 4 also express worries about affording discretionary expenses. Furthermore, 40% are concerned about being able to save for retirement, with one consumer bluntly admitting, “I don’t know how much I should be saving for retirement.”

Financially Healthy – comfortable

Compared to other working Americans, Financially Healthy individuals foresee fewer challenges in meeting daily expenses, spending on non-essentials, and saving for retirement, with less than 20% expressing concerns in these areas. This widening “comfort gap” to the other cohorts may be attributed to their proactive approach and greater use of financial products such as CDs, investments, crypto, and emergency funds. One consumer illuminated this by saying, “I always ensure there’s money in my savings to be prepared for the unexpected.”

So what?

01

Financially Challenged consumers are in dire need of support – especially when it comes to saving for nearing retirement, as they skew older (over half, 53%, are 45+)

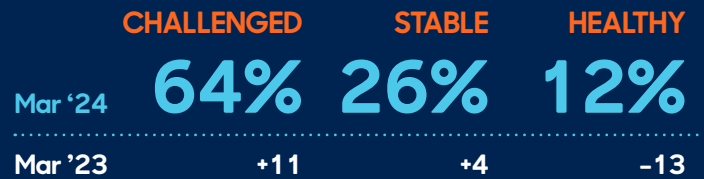
02

Financially Stable working Americans aren’t as secure as the name suggests, and efforts should also be directed at this group to encourage proactive planning for retirement

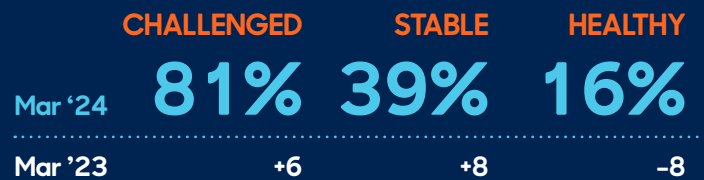
03

Given their growing comfort, Financially Healthy working Americans, who tend to be younger, will likely weather tough times more easily. That being said, introducing them to long-term protection vehicles can further strengthen their financial foundations and better prepare them for retirement (as the majority, 56%, are under age 45)

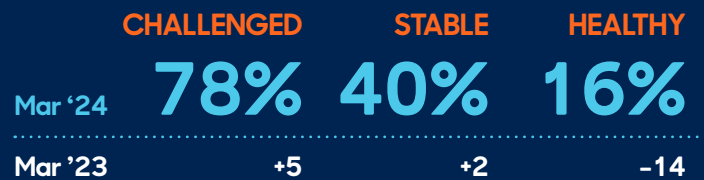
Concerned about being able to afford discretionary expenses



Concerned about being able to afford unexpected expenses



Concerned about being able to save for retirement



Spotlight insight

A valuable asset in working Americans' toolkit

Working Americans see the value in voluntary benefits

In a prominent affirmation, nearly 60% of working Americans see the value of voluntary benefits, with particularly strong resonance among the Financially Healthy.

Security and protection strike a chord with permanent life, disability and supplemental health products

Financial security, protection, and preparation are dominant themes that clearly resonate with all working Americans. Among the Financially Healthy, voluntary benefits are more than just an add-on; they are viewed as part of a broader financial strategy, highlighting this group's existing appreciation for their value and importance.

Demystify voluntary benefits to boost perceived necessity

To fully showcase the necessity of voluntary benefits, it will be imperative to illuminate their inherent value and ease of use.

Results highlight the need to help working Americans better understand how voluntary benefits can help bridge coverage gaps left unaddressed by conventional insurance, save money (for the near future and in the long-run), and the role these benefits play in one's holistic financial planning. Furthermore, many employees are unclear about how voluntary benefits work and struggle to see them as affordable; it will be pivotal to help working Americans better understand things like claims processing and portability to bolster confidence in leveraging benefits.

From a strategic perspective, the spotlight should be on disability, accident, and permanent life insurance products. These offerings lead in enrollments and resonate with a majority of working Americans, presenting a ripe opportunity to further elevate the understanding of them.

So what?

01

There's a clear opportunity to show Financially Challenged and Financially Stable working Americans the value in voluntary benefits and how they can "work for you"

02

In general, working Americans, including the Financially Healthy, need to be better educated on how voluntary benefits actually work, what they cover, portability, potential affordability, etc. - across all groups

03

Prioritize focus on educating/messaging around disability insurance, accident, and permanent life insurance, as those are the leading products that people already enroll in



Voluntary benefits are valuable or very valuable to me

Total

59%

CHALLENGED
46%

STABLE
53%

HEALTHY
75%

Voluntary benefits are part of my long-term financial planning

Total

70%

CHALLENGED
65%

STABLE
68%

HEALTHY
76%

Voluntary benefits help fill coverage gaps of regular health benefits

Total

75%

CHALLENGED
69%

STABLE
73%

HEALTHY
82%

The MassMutual Workforce 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.

Insurance products issued by Massachusetts Mutual Life Insurance Company (MassMutual) and its subsidiaries, C.M. Life Insurance Company (C. M. Life) and MML Bay State Life Insurance Company (MML Bay State), Springfield, MA 01111-0001. C.M. Life and MML Bay State are non-admitted in New York.

