



2024-2025

Workplace benefits trends

Employee financial fragility + the role of supplemental insurance

Rising costs, rising risks: How supplemental insurance provides added protection for many employees

In our current economic climate, financial fragility is the norm. Supplemental insurance is quickly becoming a vital tool for both employees and employers to help combat the rising costs of health care. It offers assistance to many financially vulnerable employees, helping them mitigate the risk of an unexpected health event, such as a life-threatening illness or injury that requires expensive treatment. As businesses look for new ways to help support their workforces, supplemental insurance should not just be considered an option, but a crucial part.

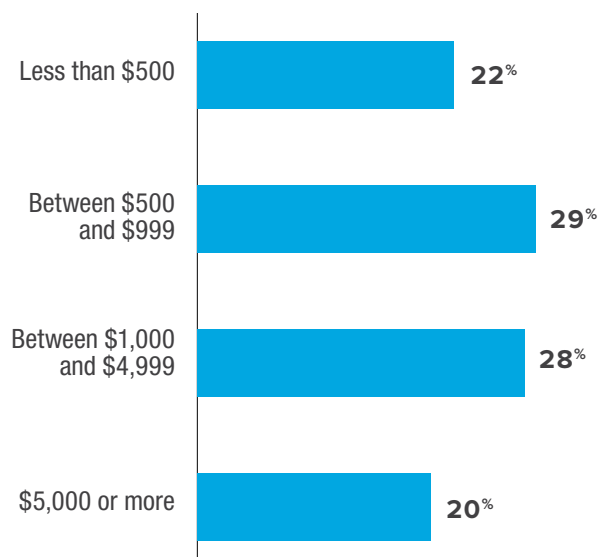
Nearly half of all employees can't afford unexpected medical expenses

As health care costs continue to rise, employees face unprecedented financial challenges when it comes to dealing with unexpected medical expenses. More than half (51%) of employees report that they could not pay less than \$1,000 out-of-pocket in the event of an unexpected illness or injury. Nearly a quarter (22%) said they could not cover even \$500. This financial fragility is most pronounced among younger workers, women and those juggling multiple jobs. These groups are at the greatest risk when faced with a sudden, unexpected expense.

While many employees (42%) said they could leverage existing cash reserves or a credit card to pay for an unexpected medical expense, fewer said they are able to do so this year than in 2023 (51%). Also of note is an alarming increase among a small minority of employees who said they would borrow from retirement (24%), take out a second mortgage (13%) or set up a crowdfunding page (12%) to pay for such an expense.

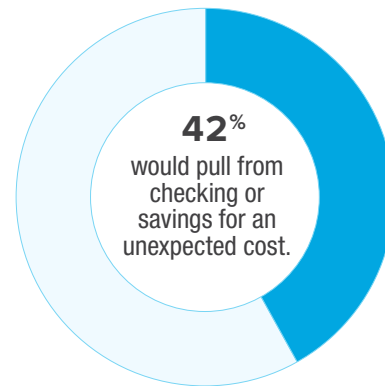
More than half of employees are unable to pay less than \$1,000 in out-of-pocket costs for an unexpected medical event; nearly one-quarter cannot afford a \$500 expense.

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





Only 2 in 5 employees say they would pull from a checking or savings account to cover unexpected medical bills — fewer than in 2023 (51%).

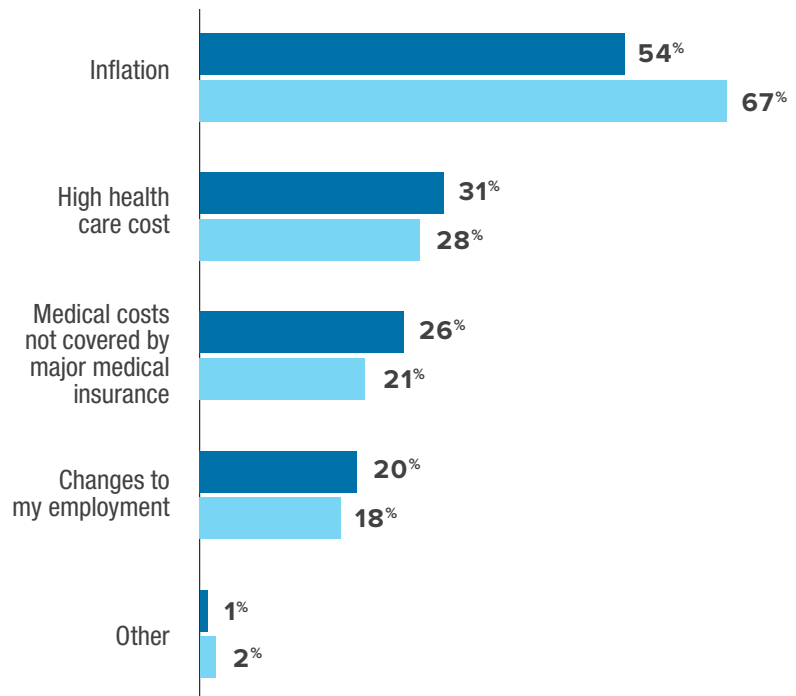


Question: How would you pay for high out-of-pocket expenses associated with an unexpected serious illness or accident?

More than half (54%) of all employees cite inflation as negatively impacting their finances over the past year — though this is a decline compared to last year.

Although inflation remains the primary culprit affecting workers' finances, health care costs are emerging as a growing burden.

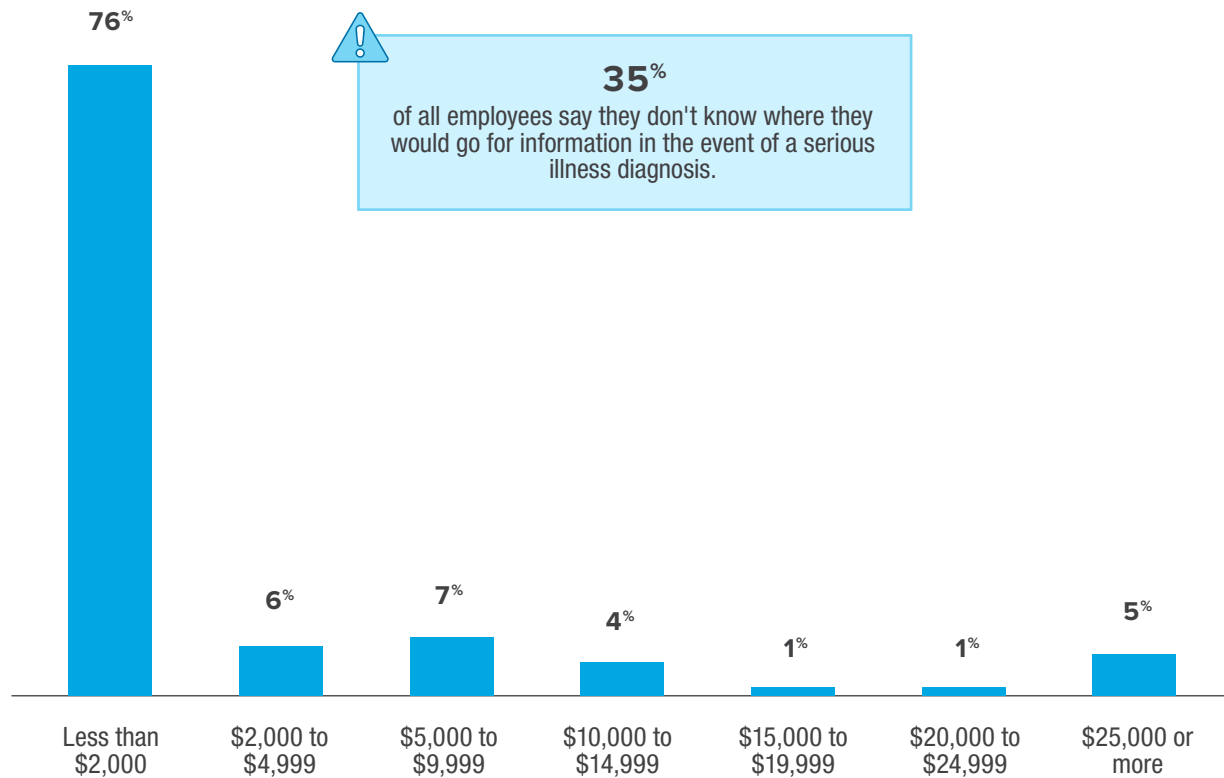
■ = 2023 ■ = 2024



Question: Which of the following have had the greatest negative effect on your finances?

Most employees aren't prepared to financially support themselves in the event of a serious medical diagnosis, and many don't understand how burdensome the costs associated with such a diagnosis can be. Most workers expect the out-of-pocket costs in the 12 months following a cancer diagnosis to be less than \$2,000, while the [National Cancer Institute estimates the total cost to be more than \\$40,000](#).

More than three-quarters (76%) of all employees expect that the out-of-pocket costs in the 12 months following a cancer diagnosis would be less than \$2,000 — and many would not know where to turn for support.



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

Question: Do you know where to turn to for information and resources if you or a loved one were diagnosed with a serious illness such as cancer?

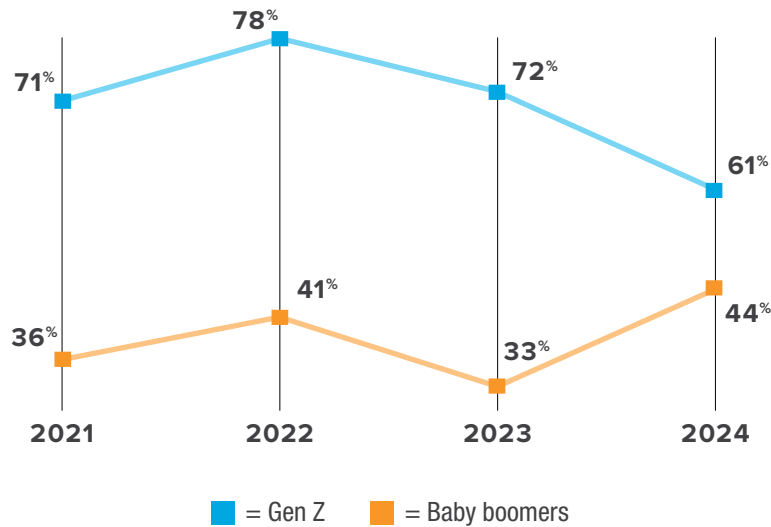
[The 2024 PricewaterhouseCoopers's Health Research Institute findings revealed health care costs are projected to rise between 7% and 8% in 2025.](#) While inflation continues to increase at lower rates, prices outpace wage growth — contributing drivers to employees' financial stress, which impact their productivity and overall well-being. It's important for employers to recognize how these incremental increases are affecting employees' wallets even if the economy rebounds or the global pandemic state of urgency subsides — giving Americans a false sense of security. Employers should offer supplemental insurance as part of employees' comprehensive benefits packages to help with rising costs while also helping close gaps in their coverage.



Gen Z’s financial security improves slightly, while baby boomers’ declines

Gen Z employees remain the most financially vulnerable and are the most likely not to be able to pay a \$1,000 medical bill. However, their financial resilience has improved somewhat over the last year. Meanwhile, baby boomers, who have historically been more financially stable, are experiencing a worrying decline in their ability to handle unanticipated expenses. Far more baby boomers are unable to handle a \$1,000 medical expense than in 2023. This shift suggests that while younger workers are still at high risk, they are gradually establishing their financial footing, while older generations may be becoming more vulnerable.

While Gen Z employees are still the most financially vulnerable, with 61% unable to handle a \$1,000 medical bill, their situation has slightly improved compared to last year when 72% reported the same concern. In contrast, more baby boomers this year say they can’t manage a \$1,000 expense compared to last year.



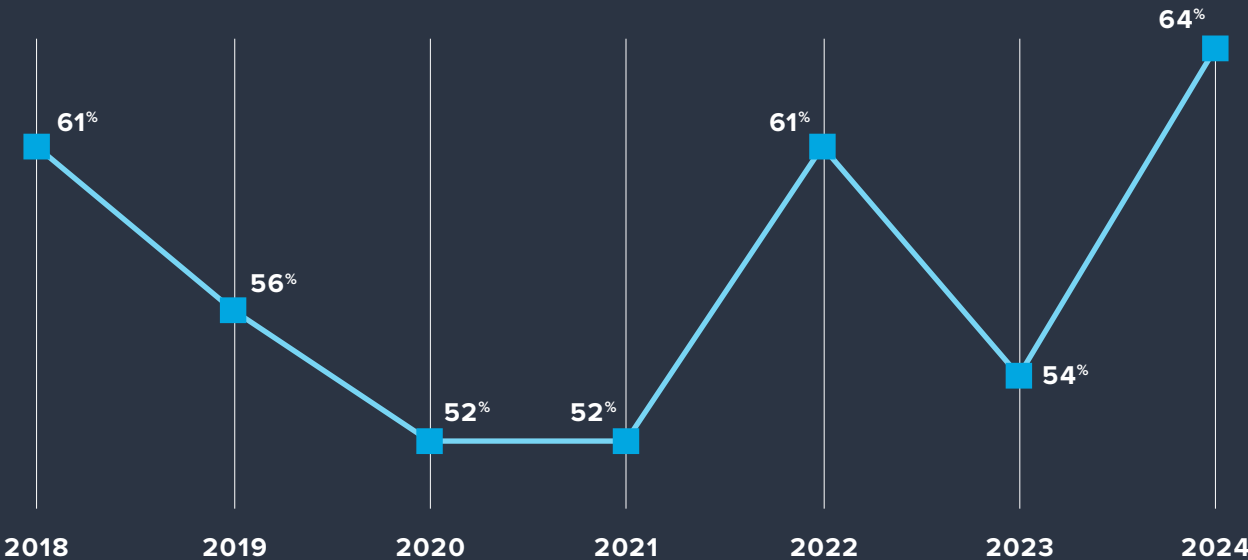


Employees living month to month reaches all-time high

The financial instability of employees is further emphasized by the rise in the number of employees who report that they would not be able to survive more than a month without a paycheck. This financial strain combined with inflation and other economic woes has driven more than a third of employees to make difficult health care decisions — delaying or avoiding critical medical care due to cost concerns. Organizations that prioritize employee well-being and satisfaction should find ways to address this financial need.

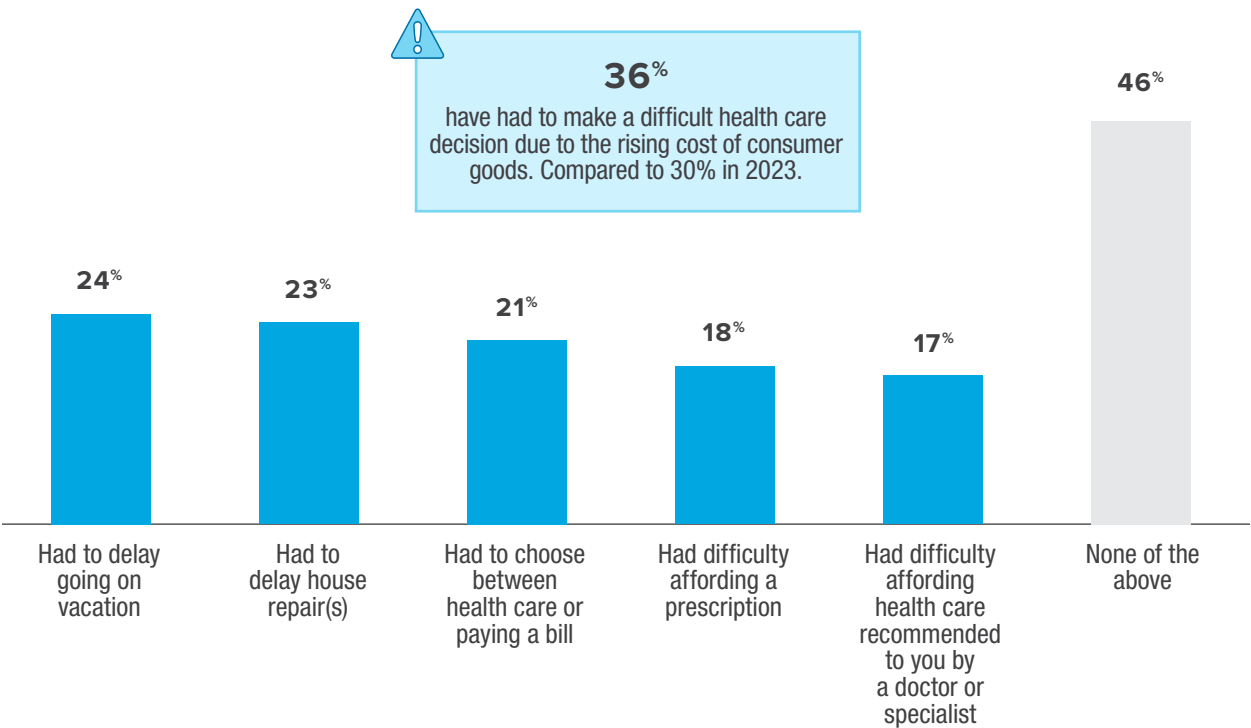
Nearly two-thirds (64%) of employees say they cannot go more than one month without a paycheck — a concerning all-time high and significant uptick compared to 2023 (54%).

Cannot go more than one month without a paycheck



Question: How long could you go without a paycheck?

Due to rising costs of consumer goods, more than a third (36%) of all employees have had to make a difficult health care decision in the past year — up from 30% reporting having done so in 2023.



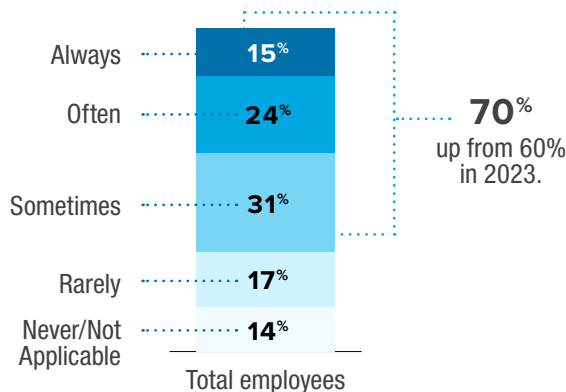
Question: In the past 12 months, have you experienced any of the following due to rising costs (groceries, gasoline, etc.)?



Rising anxiety about future medical care continues

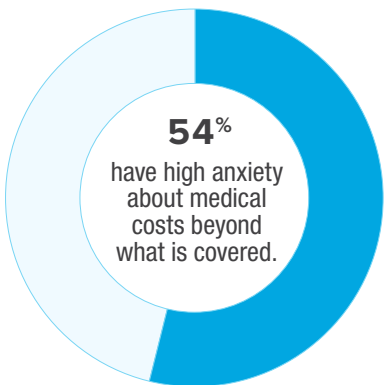
Anxiety about a serious medical diagnosis that may arise is growing. More than 2 in 3 employees (70%) now express concern about the possibility of facing a serious illness, like cancer. This number has jumped significantly from 60% last year, underscoring a growing sense of vulnerability and anxiety among workers over the financial impact of receiving a serious diagnosis.

About 70% of employees experience at least some anxiety about a serious medical diagnosis in the future — a significant uptick compared to 2023 (60%).



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

More than half (54%) of all American workers have high anxiety about health care costs beyond what their insurance covers — also an uptick compared to 2023 (50%).



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



Supplemental insurance is in greater demand than ever before

The rising cost of living continues to take a toll on employees. During a time of heightened financial insecurity, supplemental insurance can play a critical role. As economic pressures mount, employees need commonsense solutions to help navigate the rising costs of health care. Supplemental insurance has moved from being an added perk to an essential component of any comprehensive benefits package. It can help provide financial well-being and added peace of mind for employees who are afraid of the costs associated with medical expenses.



Well over half (57%) of all American workers view supplemental benefits as a core component of a comprehensive benefits program — far more than in 2023 (42%).



More than 9 in 10 employees (93%) believe the need for supplemental insurance is increasing — an uptick from 2023 (89%).



Three-quarters (76%) of all employees enrolled in supplemental insurance have used it in the past year — up from 2023 (68%).



The overwhelming majority of enrolled employees say they would recommend that a friend or family member enroll in supplemental benefits (91%) and that their supplemental benefits helps protect their financial security (92%).



Only 37% of employers indicate that they offer supplemental insurance options to their employees.

“The voluntary health insurance benefit I used provided critical support during a family medical emergency, covering significant medical expenses and reducing our financial stress, allowing us to focus on recovery and well-being rather than worrying about the cost of care.”

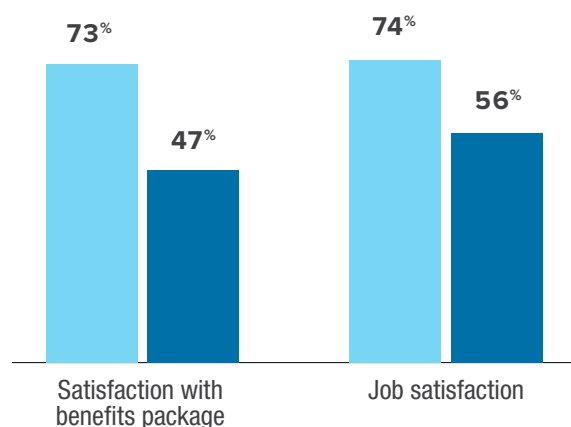
55-year-old male, California

Offering supplemental benefits can significantly enhance employee satisfaction and confidence. Employees with access to these benefits report much higher satisfaction with their overall benefits package as well as greater overall job satisfaction. They also are far more likely to believe that the benefits package they have meets their family's needs. Additionally, supplemental benefits instill greater confidence that a package will adequately protect an employee in the event of a serious illness. This data underscores the crucial role supplemental benefits play in improving employees' perception of their benefits, enhancing their overall job satisfaction and giving them a greater sense of security.



Three-quarters of those who are offered supplemental benefits report high satisfaction with both their benefits packages and their overall jobs — compared to just half of those who do not have access to these options.

■ = Offered supplemental benefits
■ = Not offered supplemental benefits

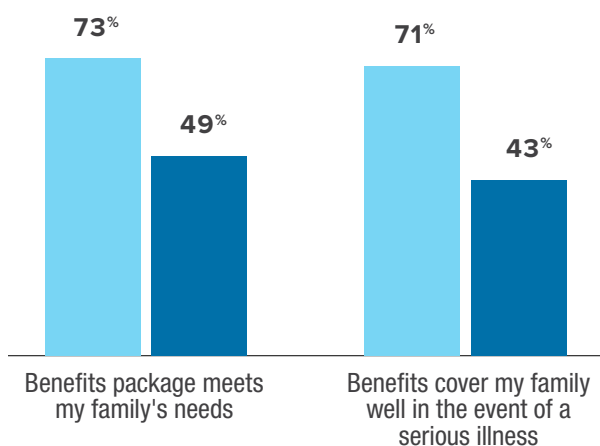


Question: How satisfied are you with the overall benefits package offered to you by your employer at this time?

Question: Overall, how satisfied are you with your job?

Similarly, three-quarters of those who have access to supplemental benefits are confident their benefits meet their family's needs and will cover them in the event of a serious illness — far more than those who do not have access to supplemental insurance.

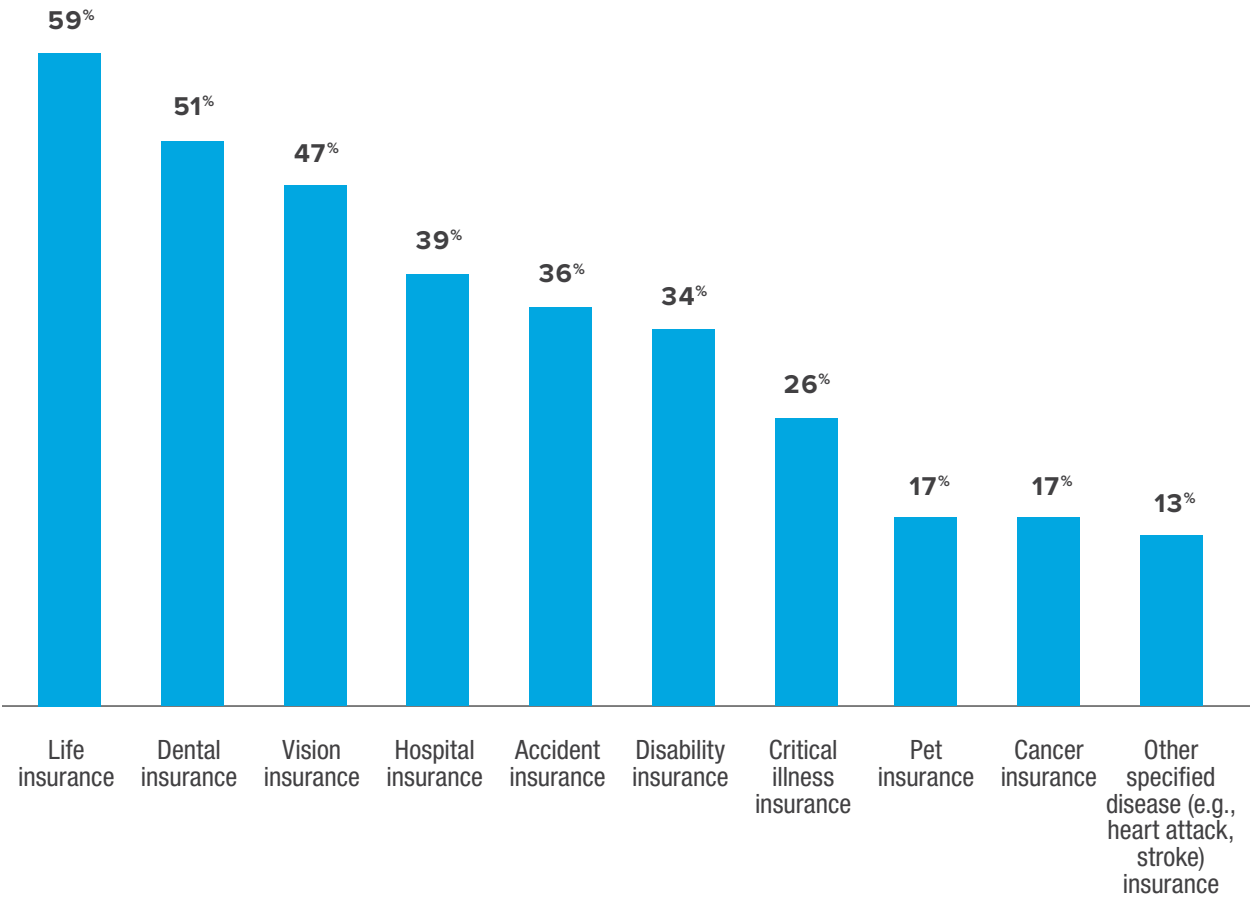
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Question: How well does the current benefits package offered by your employer meet your family's needs?

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

Life, dental and vision insurance are the most selected supplemental benefits among employees.



Question: Which of the following voluntary benefits are you enrolled in through your employer?

Note: This question was asked of employees who indicate they have access to supplemental benefits at work. With just under 3 in 4 (73%) employees stating they have access to supplemental benefits, this translates to 43% of all employees enrolling in supplemental life, 37% enrolling in supplemental dental, and 34% enrolling in supplemental vision.

Pro tip: Educate employees on the real costs of medical care and how supplemental insurance can help. Many employees significantly underestimate the financial burden of a serious medical diagnosis. By providing clear, accessible information on how supplemental insurance can help cover these expenses, you empower your workforce to make informed decisions about their health and financial well-being. This knowledge gives employees peace of mind, knowing they are better prepared for life’s unexpected events.

About the study

The 2024-2025 Aflac WorkForces Report is the 14th annual Aflac employee study examining benefits trends and attitudes. Conducted by Kantar on behalf of Aflac, the employer survey took place online between June 6 and June 21, 2024, and the employee survey took place online between June 6 and July 10, 2024. The surveys captured responses from 1,003 employers and 2,000 employees across the United States.

For more information, visit aflac.com/awr.

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