ECONOMIST ENTERPRISE

Benefits 2.0: Adapting to change

The role of employee benefits in an age of economic uncertainty

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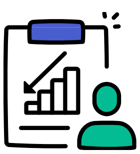
As economic pressure rises and the nature of work changes, benefits matter more. They influence whether workers switch jobs, when they retire and how they handle financial stress.

Informed by a survey of more than 2,000 full-time US workers, this research examines how today's challenges are altering benefit choices and how artificial intelligence (AI) is helping employees navigate increasingly complex decisions.

The great stay 01

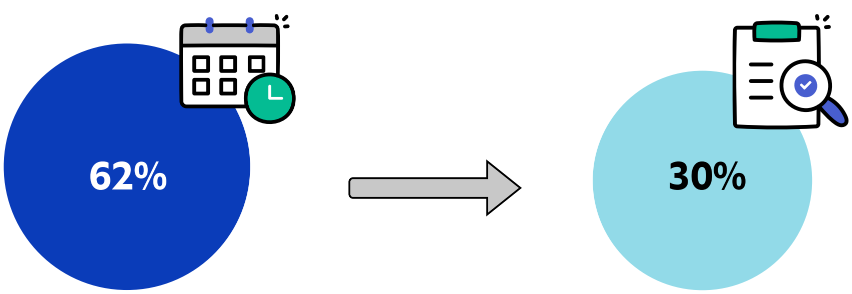


Americans are "job-hugging" at unprecedented levels.

The quit rate has plummeted to 2%—the lowest in a decade—but not because workers always love their jobs.[1]

Job security is paramount

Workers favor predictable and stable income and benefits over promising, but less certain, prospects at a new job.



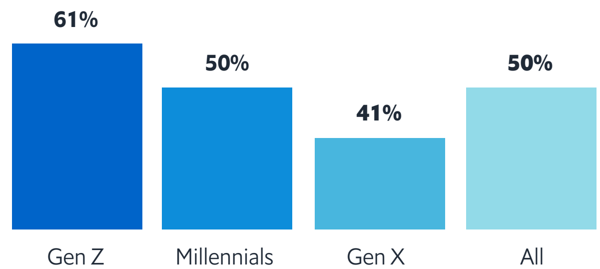
Six in ten (62%) say they would choose long-term job security over higher pay or better benefits.

Nearly 30% have stopped job searching in the past five years due to the fear of losing security. Half of them stopped in the last 12 months.

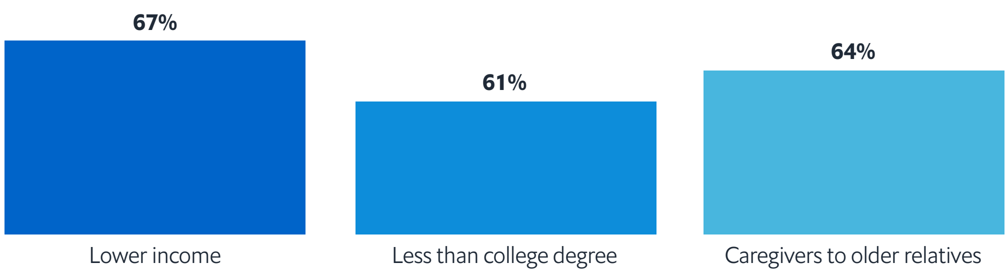
Benefits are seen as an anchor of stability

Younger and more vulnerable workers are especially likely to prioritize benefits.

Over six in ten (61%) Gen Z workers say they have applied for or taken a job with **equal or lesser pay** but a **more attractive benefits package.**



The same priorities are prevalent among socioeconomically disadvantaged groups.



Why it matters:

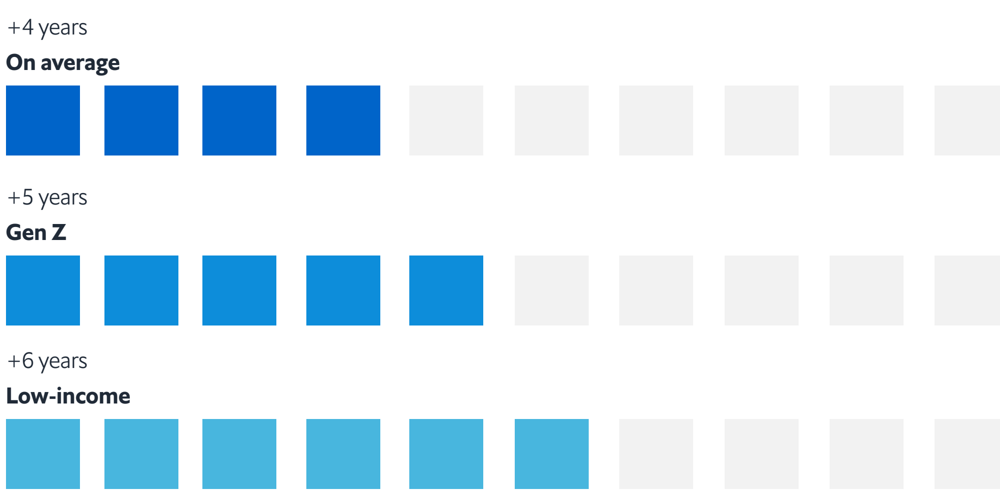
In the fight to attract talent, employers need to recognize that workers are clamoring for job stability and predictable benefits—not necessarily ambitious career moves.

Retirement insecurity is setting in early

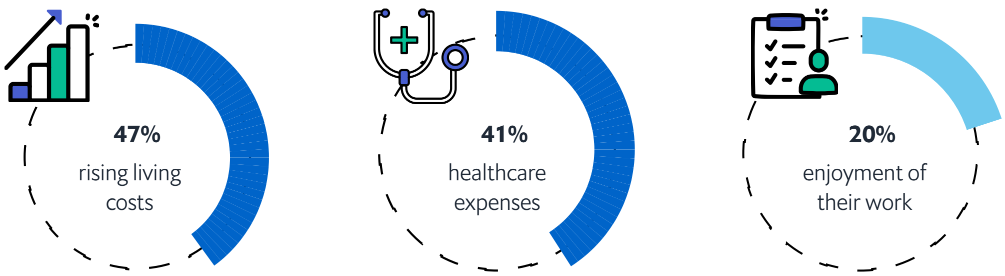
02

Retirement delayed by necessity, not choice

On average, workers expect to retire four years later than they want to.

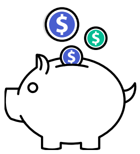


Top reasons for this delay in retiring are:

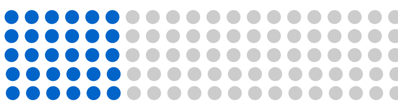


Borrowing from the future

Financial strain is also reshaping savings behavior.

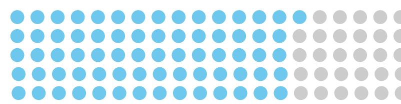


Financial pressure has led 35% of workers to take loans from a retirement account or access hardship withdrawals



30%

say they have made a reduction to their retirement contributions

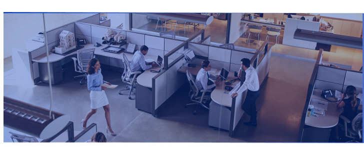


71%

believe inflation will erode what retirement benefits they have accumulated

Why it matters:

The gap between expectation and preparedness is widening. The median savings of 55 year olds is just **US$50,000**[2]—far below the **US$1.26m**[3] Americans believe they'll need to retire comfortably.



The benefits paradox: high confidence, high regret

03

Confidence without comprehension

For many workers, choosing benefits is empowering—but only at first.

72%

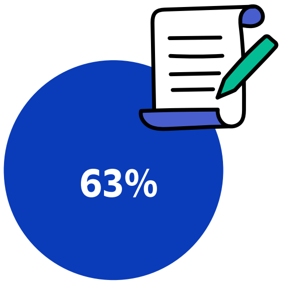
say they understand their benefit options and **feel confident choosing benefits**

61%

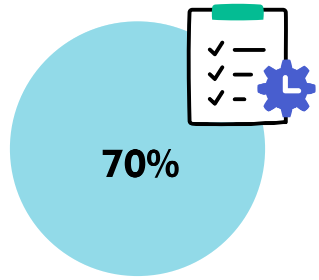
Yet six in ten (61%) have later **regretted a benefits decision**, citing a lack of information or support

The power of defaults

Despite later regret, most workers do not revisit their choices.



made initial retirement choices but rarely review or change them



say retirement planning feels overly complicated or time-consuming

Why it matters:

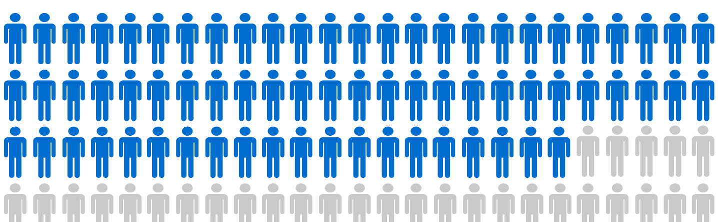
Confidence without comprehension points to a design failure. Simpler information, clearer guidance and better designed benefit options are needed.

AI in benefits: the potential for personalization

04

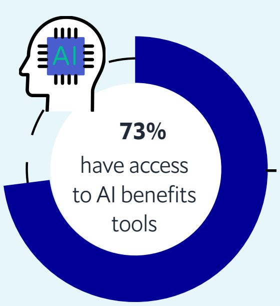
High trust, low usage

While workers express confidence in AI-powered benefits tools, most aren't taking advantage of them.

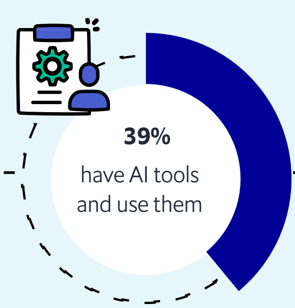


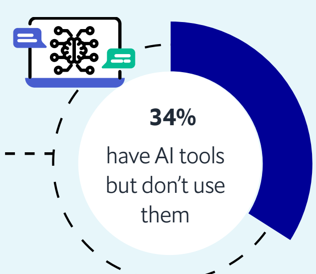
70%

trust employers to use AI for benefits decisions, such as personalizing delivery or optimizing spending



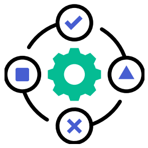
Yet only 39% actually use them. Privacy and accuracy are the top concerns among respondents.





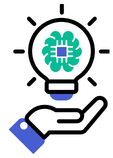
An emerging equity gap

AI access and trust are lower among the workers who may need benefits guidance most.



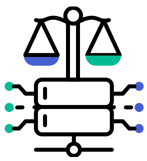
Only 53%

of low-income workers have access to AI tools



compared with 74%

of middle- and high-income workers

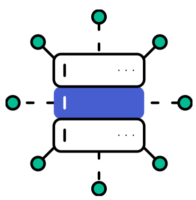


Just 51%

of low-income workers trust employers to use AI ethically

compared with 69%

of middle- and high-income workers



Why it matters:

AI has the potential to democratize benefits expertise but also risks deepening existing inequalities. Nearly half (48%) say a clear data-protection guarantee would make them more likely to use AI. For employers, trust and transparency will be decisive.

References

1 CNBC, "Workers are 'hugging' their jobs. There's a right way and a wrong way to do it", September 2025, https://www.cnbc.com/2025/09/16/job-hugging-labor-market-tips.html

2 CBS News, "Only 1 in 5 workers nearing retirement is financially on track: "It will come down to hard choices", June 2024, https://www.cbsnews.com/news/retirement-crisis-savings-shortfall-silver-squatters-prudential

3 Northwestern Mutual, "Planning & Progress Study 2025", 2025, https://news.northwesternmutual.com/planning-and-progress-study-2025