

Employers Missing Key Opportunities To Gain Advantage Through Employee Benefits

*Only 29% of Employees Strongly Agree Benefits Are Based on Their Feedback;
Just 30% Strongly Agree They Are Satisfied with Retirement Plan*

Aligning Benefits Essential to Attracting, Retaining Talent

NEW YORK, April 18, 2024 – Employers are missing key opportunities to develop a competitive advantage by enhancing the delivery and focus of employee benefits, according to new research conducted by Economist Impact and sponsored by Nuveen, the investment manager of TIAA.

Illustrating one missed opportunity to align benefits policies with talent recruitment and retention goals, just three in 10 employees at mid- and large-sized American companies strongly agree that they are satisfied with their retirement plan; nearly six in 10 (57 percent) are not confident they will be able to retire at the federal retirement age.

“This research demonstrates that there are three key considerations for employers when it comes to their benefits lineup,” **said Brendan McCarthy, Head of Retirement Investing at Nuveen.** “First, benefits play an essential role in recruitment and retention so they should be seen as investments, not cost-drivers. Second, the priorities of employees are as diverse as the workforce, making it vital to provide a range of options. Lastly, benefits offered are only as powerful as the way they are understood by the employees, highlighting the importance of clear communication and education.”

The “Benefits 2.0” research program surveyed 1,500 full-time U.S. workers to examine the major gaps and socio-economic impacts of employer-provided benefits, with the goal of helping firms better understand workers’ priorities and optimize benefits delivery. The study looked at six types of benefits, including insurance, retirement, paid time off, family planning and caregiving, education and training and wellness programs.

The survey also revealed significant differences across both racial backgrounds and employee age groups. Nearly 60 percent of Black, Hispanic and Asian workers are not confident that they will be able to retire at the federal retirement age – compared with half of white workers. The youngest workers – those in Gen Z – are considerably less satisfied with their retirement benefits than their older peers, and much less confident about their retirement prospects.

Concerns Beyond Retirement

Employee concerns extend beyond retirement: Just half of workers are confident they can afford the healthcare their family needs and just 62 percent say they feel healthy enough to do their job effectively. Over 40 percent of parents say family planning and care benefits have allowed them or their partner to stay in their job, yet these benefits are the least commonly offered.

“There is clearly more work to be done in ensuring that employer benefits, especially retirement plans, effectively meet the needs of diverse employee populations, often with varying priorities,”

said McCarthy. “By better addressing the real-world needs faced by employees, organizations can more effectively attract top talent and retain valued workers.”

For most employees, retirement benefits have overriding significance. When employees are questioned about the range of benefits they receive, retirement benefits are the most likely to be ranked number one in importance, by 27 percent of respondents.

However, of all age cohorts surveyed, Gen Z respondents, who are most likely to focus on immediate financial concerns, are the least likely to rank such benefits number one (2 percent). In another example of demographics driving priorities, more than 80 percent of younger workers rank education benefits as particularly important, yet less than half of US businesses offer tuition assistance.

“Workers need to start actively planning for their retirement from the day they begin working, but employers can also take steps to educate employees on the importance of maximizing retirement benefits and help them to address day-to-day financial burdens,” **said McCarthy.**

Clear Communication Required in Benefits Administration

The survey findings prove employees desire clarity on how benefits are structured, delivered and communicated. Only 29 percent of employees strongly agree that their company decides which benefits to offer based on employee feedback; just 32 percent strongly agree that their company makes it easy for employees to take full advantage of employer-provided benefits.

Only 34 percent strongly agree their employer clearly communicates information about the retirement plan and just 26 percent strongly agree they have enough clarity about how much income they will receive in retirement. When it comes to retirement income, Gen Z respondents are the least certain of all cohorts: Only 11 percent strongly agree they are clear regarding their retirement income prospects.

“Employers offering retirement savings plans now have a powerful opportunity to enhance retirement plan satisfaction and retirement confidence for employees at all stages of life by incorporating a guaranteed retirement income feature into their plans, giving plan participants the certainty of a secure flow of lifelong income once they retire,” **said McCarthy.**

Furthermore, when it comes to job selection, Gen Z doesn’t view retirement plan benefits as a key criterion, with only 26 percent identifying retirement plan benefits as an important consideration in choosing a job.

“Greater plan engagement and, as a result, retirement confidence can be built among young employees by encouraging them to prioritize retirement benefits even early in working life,” **said McCarthy.**

A Key Tool, Not a Cost Driver

Benefits of all kinds should be seen not as cost-drivers, but rather as an investment in building a diverse, highly engaged and productive workforce.

“To maximize the return on the investment that companies make in offering meaningful benefits, three things are crucial. The first is understanding the varying priorities of workers, the second is strategic communication and the third is innovative implementation,” **said McCarthy**. “With a better calibrated, personalized benefit package, an employer can drive enhanced capacity, increased productivity and efficiency gains, resulting in a more satisfied, better motivated workforce.”

To learn more about the Benefits 2.0 Research Program, please visit nuveen.com/benefits.

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