

# HEALTH, WEALTH AND CHOICES

Navigating shifting employee priorities  
in today's benefits landscape

2024 ADP TotalSource® Employee Benefits Survey



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for People®



## Executive summary

In a tight labor market, employees have choices. Compensation is always foremost but a close second are the benefits an employer offers. Together these represent the entire compensation package and that's what employees weigh when considering a job offer or even staying in a job. Employees want to feel valued, and benefits – both medical and non-medical – are a major way employers can fulfill that need.

### The importance of the employee experience

Employee experience – what employees see, hear, think and feel about an organization – has emerged as a key factor in today's workplace.<sup>1</sup> It impacts employee morale, company culture, and how customers and clients experience the brand.

Employee experience is at the heart of employee engagement and benefits are a big part of this equation. The 2024 ADP TotalSource® Employee Benefits Survey found that the majority of employees feel valued due to the medical benefits provided, with an even higher percentage feeling valued by non-medical benefits (e.g., Dental, Vision, Life Insurance, Disability).

**ADP's TotalSource® Employee Benefits Survey, now in its seventh year, provides a closer look at the current benefits landscape and how employers can respond when shaping their benefits plans in order to attract and retain top talent.**



+ +  
+

**78%**  
of employees

feel valued due to the  
**medical benefits**  
provided by their employer

+ +  
+

**82%**  
of employees

feel valued due to  
**non-medical benefits**  
provided by their employer

<sup>1</sup> HR trends 2025, ADP  
<https://www.adp.com/resources/hr-trends.aspx>

**Base:** Total WSE Respondents | **Q:** How much do you agree or disagree with [I feel valued by my employer because of the medical benefits they provide]? Now thinking about your non-medical benefits, how much do you agree or disagree with [I feel valued by my employer because of the non-medical benefit plans they provide]?

## Key findings



### **Compensation matters most.**

Survey respondents say compensation is the most important followed by medical benefits and 401(k).

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### **The rise in importance of the 401(k).**

For the first time in the survey's history, 401(k) retirement plans tie for second with dental insurance as most valued benefits.

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### **Employees are making hard choices about healthcare expenses.**

Amid ever-rising healthcare costs, employees are trying to balance out of paycheck premium expenses with out-of-pocket and unexpected healthcare costs.

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### **Employees want plans that fit their needs.**

Employees want personalized, flexible plan options that meet their individual and family needs instead of "one-size-fits-all" plans.

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### **Confidence in health benefit decisions is growing.**

Employees are showing greater confidence in their decisions about healthcare and benefits, aided by an improved online and mobile benefits enrollment experience.





## A complex landscape

Between the shifting priorities of employees and the rising cost of benefits, employers face a complex landscape. Both smaller employers and growing companies need data and insights, guidance and tools to make informed decisions about current employee needs and candidate expectations in order to drive retention and attract the best talent.

**In a competitive labor market, having a total compensation strategy that offers the right mix of compensation and benefits enables employers to stand out.**

## About the survey

The 2024 ADP TotalSource Employee Benefits Survey received responses from 31,435 U.S. worksite employees (WSEs) of ADP TotalSource clients. Approximately four out of 10 (43%) survey respondents are from companies with 50 or less employees. The survey was conducted online from August 8 to September 3, 2024. Annually since 2018, the ADP TotalSource Employee Benefits Survey has surveyed tens of thousands of U.S. workers regarding how they use employer-provided benefits and how they feel about what's being offered.

## Key finding #1

# Compensation matters most

Our survey findings indicate employees are placing even greater emphasis on their financial well-being, prioritizing pay plus benefits like medical and retirement savings designed to protect and grow their financial futures.

When asked to identify the single most important work consideration, **more than half** of survey respondents selected compensation – a rising trend since 2022. This aligns with findings from ADP's People at Work 2024 study, where **55%** of participants globally, across all age groups, also ranked salary as their top priority.<sup>2</sup>

Although flexible work arrangements still rank higher than benefits in importance for employees, this year's survey reveals a decline since 2021. One reason for this could be that hybrid and remote work options have become standard in many workplaces. All other things being equal – like competitive pay – flexibility may weigh more heavily if an employer does not offer it. Of significance too is that respondents felt that benefits and “feeling like my employer supports my values” are equally important. Today's workers want more than compensation; they want to work for a company that is in line with their values.

While the survey surfaces differences in preference for flexible work by gender and generation, the gap is most pronounced by gender.



## Most important work considerations



**56%** responded  
**compensation**



**14%** responded  
**flexible work arrangement**

<sup>2</sup> People at Work 2024, ADP Research  
<https://www.adpresearch.com/assets/summary-of-people-at-work-2024-a-global-workforce-view/>

## Women care more about flexible work arrangement options



**17%** of women



**11%** of men



**Base:** Total WSE Respondents | **Q:** Ranked Top 3 Summary: Which of the following work environment considerations is most important to you?



Of all benefits, medical insurance remains most important. While both dental and vision insurance have fallen in importance since 2022, 401(k) retirement plans have significantly increased in value to workers in the same two-year period.

### Key takeaway

To drive employee engagement and attract talent, employers must offer more than competitive pay. In today's workplace, employees want a comprehensive compensation package, including key benefits like medical insurance and retirement plans, as well as non-medical offerings.

## Shifts in priority for top benefit preferences



**94%**  
Medical  
Insurance  
**consistent**



**62%**  
401(k)  
**increased**



**62%**  
Dental  
Insurance  
**decreased**



**30%**  
Vision  
Insurance  
**decreased**

**Base:** Total WSE Respondents | **Q:** Ranked Top 3 Summary: Which health and wealth benefits are most important to you (whether they're currently available to you or not)?



## Key finding #2

# The rise of the 401(k)

For the first time in the survey's seven-year history, 401(k) plans tied with dental insurance as the second most important benefit to employees. The overall importance of a 401(k) benefit has increased **11%** since ADP's TotalSource Employee Benefits Survey in 2022.

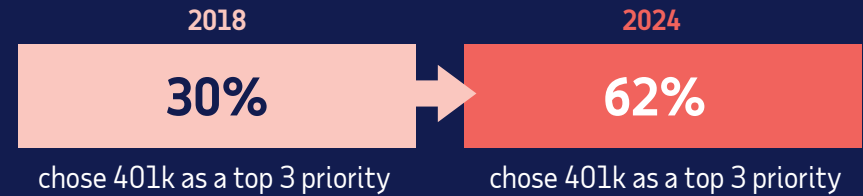
There is also a significant gender gap – **59%** of women respondents rated 401(k)s as important compared to **66%** of men. Perhaps with the financial uncertainties of the pandemic in the rear-view mirror, workers are focusing on financial wellness, looking to secure their future and wanting support from their employer.

The timing of this trend is fortuitous. The SECURE 2.0 Act, enacted in December 2022, introduced a range of measures designed to encourage employees to build their retirement savings.<sup>3</sup> Key provisions which took effect in 2024 include automatic enrollment in 401(k) plans for new employees, emergency savings accounts, increased catch-up contribution limits for workers aged 50 and older, and incentives such as matching contributions for student loan repayments. Employers are eligible for tax credits to offset the costs of setting up new retirement plans or administering auto-enrollment.

## Key takeaway

Employers can capitalize on the growing focus on financial wellness and retirement planning to attract and retain top talent by offering retirement savings plans. With the right resources from a full-service HR partner, even small businesses can provide these valuable benefits, making them more competitive in today's tight labor market.

## 401k priority has **doubled over time**



**Base:** Total WSE Respondents | **Q:** Ranked Top 3 Summary: Which health and wealth benefits are most important to you (whether they're currently available to you or not)?



<sup>3</sup> Securing a Strong Retirement Act of 2022, a.k.a, SECURE ACT 2.0  
<https://www.congress.gov/bill/117th-congress/house-bill/2954/text>

### Key finding #3

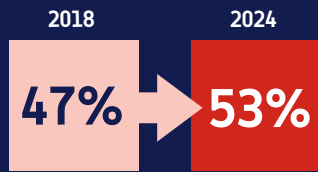
# Employees are making hard choices about healthcare costs

## Premiums vs. out-of-pocket

Employees are navigating the challenge of balancing premium costs with out-of-pocket expenses while preparing for unexpected healthcare costs. Many focus on keeping premiums as low as possible although almost as many prefer higher premiums to avoid paying more at the time of care. However, over time, more employees have shifted toward favoring lower paycheck deductions for healthcare costs, even if it means adjusting other benefits. Gen Z, in particular, prefer more money in their pockets. They chose lower premiums (**58%**) compared to **55%** of Millennials and **52%** of Gen X.



Employees have shifted toward **favoring lower paycheck deductions** for healthcare costs



Gen Z chose **lower deductions/premiums**

Gen Z	58%
Millennials	55%
Gen X	52%

Base: Total WSE Respondents | Q: When it comes to health care costs, which do you prefer?

	Women	Men
Feel prepared for out-of-pocket expenses and unexpected healthcare costs	15%	26%
Have less than \$500 in reserve	32%	21%
Average amount put aside	\$1900	\$2700

Base: Total WSE Respondents | Q: How prepared are you to pay out-of-pocket expenses if an unexpected illness or accident occurred today? How much money do you have available to cover treatment for an unexpected illness or accident, if it were to occur?

## Unprepared for unexpected healthcare costs

While many employees want less taken from their paychecks, they often have limited funds for unexpected healthcare expenses. Although the average employee has more savings this year, **26%** are less prepared than last year, and **28%** have less than \$500 set aside.

What also emerges are some stark gender differences, with women expressing greater challenges to pay for out-of-pocket expenses and save for potential unexpected healthcare costs. A quarter (**26%**) of men report that they are very prepared/prepared to pay out-of-pocket expenses while only **15%** of women say they are prepared. One out of five (**21%**) men have less than \$500 available but almost a third (**32%**) of women are in the same situation. This trend continues: the average amount put aside by women is \$1900 compared to \$2700 by men and **28%** of women say they are less prepared than last year versus **24%** of men.



## Employees are compensating to save money

Notably, employees are adopting cost-controlling behaviors to manage healthcare expenses. Since 2023, **21%** have reduced or stopped taking medications to save money and **24%** have forgone care due to unaffordable out-of-pocket costs. However, over three-quarters (**76%**) say they have prioritized preventive care measures like mindfulness, healthier food choices and exercise to improve overall well-being.

Significant gender differences emerge here, too – **27%** of women say they haven't gotten care for themselves or family members because of out-of-pocket costs compared to **20%** of men.



**21%**

have **reduced or stopped taking medications** to save money



**24%**

have **forgone care** due to unaffordable out-of-pocket costs



**76%** **prioritized preventive care** measures like mindfulness, healthier food choices and exercise to improve overall well-being



**27% of women vs. 20% of men**

say they have not gotten care for themselves or family members because of out-of-pocket costs



### Key takeaway

Employers can focus on making a stronger connection between financial, mental and physical wellbeing, offering more education on how preventive care helps to reduce health issues and minimize out-of-pocket costs. Employers can help employees prepare for unexpected healthcare costs by offering Health Savings Accounts (HSAs) and emergency savings accounts (Secure 2.0).

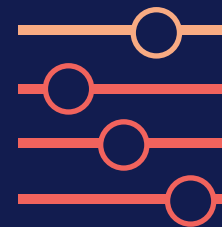
#### Key finding #4

## Employees want benefits that fit their needs

Employee benefits should focus on offering real value – helping employees feel supported and appreciated by their employer. However, not all employees have the same needs, and one-size-fits-all benefits plans often fall short.

Employees increasingly desire flexible, personalized options that address their unique situations, including their family's needs. Of those surveyed, three-quarters expressed interest in receiving personalized recommendations for benefits.

Even though the survey found that employees feel valued by their employers due to the medical benefits provided – and even more due to the non-medical benefits – voluntary benefits are underutilized. The importance of a Health Savings Account (HSA) and voluntary benefits such as mental health, pet insurance and pre-paid legal trended upwards in 2024. However, fewer than half of employees enrolled in top categories like short term disability and term life insurance. Not surprisingly, interest in short-term and long-term disability increases with age: Baby Boomers (**18%**), Gen X (**12%**), Millennials (**9%**) and Gen Z (**9%**).



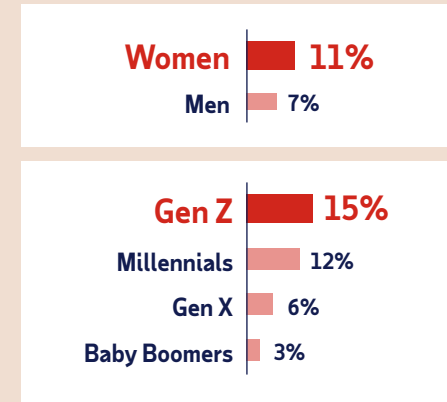
**75%**

interested in receiving  
**personalized  
recommendations**  
for benefits

**Base:** Total WSE Respondents | **Q:** How interested would you be to receive personalized recommendations on plan options based on information you provide?



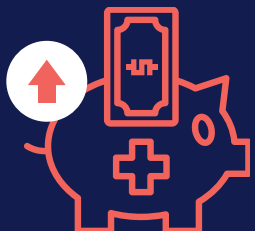
The survey also found that interest in **mental health benefits differs by gender and generation**



**Base:** Total WSE Respondents | **Q:** Ranked Top 3 Summary: Which health and wealth benefits are most important to you (whether they're currently available to you or not)?



**Voluntary benefits are underutilized** — fewer than half of employees enrolled in top categories like short term disability and term life insurance



**Health Savings Account (HSA) and voluntary benefits** such as critical illness and pre-paid legal **trended upwards** in 2024

Benefits are of little use if employees don't take advantage of them. And if employees don't use them, employers don't reap the value of offering them – like higher retention and improved recruitment. Employers must provide platforms that offer personalized plan recommendations, including medical, nonmedical and voluntary benefits.

### Key takeaway

Smaller employers often struggle to provide tailored benefits due to prohibitive costs, and limited plan and carrier options, yet the solution lies in maximizing the value of their offerings. By prioritizing flexible offerings that fit employees' actual needs, companies can foster a more satisfied, engaged workforce and make every dollar spent on benefits count.

**Base:** Total WSE Respondents | **Q:** For [specific voluntary benefit], please indicate which you are currently enrolled in, would be interested in, or have no interest in. Ranked Top 3 Summary: Which health and wealth benefits are most important to you (whether they're currently available to you or not)?



## Key finding #5

# Confidence in health benefit decisions is growing

Employee confidence in understanding and choosing medical benefits improved significantly in 2024. For medical benefits, respondents are highly confident in their ability to make informed choices, know where to find answers to their questions, and utilize their benefits. Over eight out of 10 (**84%**) agree that they chose the health care plan with the best overall value (up slightly from 2023) and that they are receiving equitable healthcare (**83%**). Seven out of 10 (**73%**) agree that their health plan helps ease their worry of unexpected health and related financial issues.



Increasingly, employees know where to find answers

“

I understand and manage how I pay for medical services.

**87% agree**

“

I know where to go to figure out what a health service will cost.

**68% agree**

“

I know where to go to compare costs for health services.

**67% agree**

Contributing greatly to the shift in confidence is employees' increased awareness and improved ability to manage resources for estimating, comparing and paying for medical services. Survey respondents report a better understanding of how they pay for care, how to estimate potential healthcare costs, and how to make cost comparisons effectively.

### Better tools, less time

Employees are spending less time reviewing their health care plan options – just under two hours – than in the past. This is most likely due to greater access to technology and resources which make the review process during enrollment simpler and more informative. Awareness and usage of online tools, especially mobile, has increased.

Employees may feel confident in their health care plans overall, but many need more tools to identify the best care options at the best cost within their network. Features like price comparison tools and coverage details during the plan search process can significantly enhance their experience.



Employees need more  
**support in  
identifying**  
the best choice for their dollars



### Key takeaway

In an often confusing and complex healthcare environment, employees need more support in identifying the best choice for their dollars. Many workers face financial struggles, making it crucial for employers to provide clear guidance to help them choose the right plans. While many survey respondents feel more confident, **one out of five** say they don't know where to go to choose the right healthcare plan and **one out of four** don't know where to find answers to their questions. This is the challenge for small businesses in particular, which often don't have the resources or tools to empower their employees. By providing education and technological tools that explain available benefits (medical and non-medical) and help employees choose what's right for them, employers build a stronger relationship with their workers, aiding in retention and attraction of talent.



## Conclusion

To be an employer of choice today means offering a comprehensive compensation package including benefits that meet the needs and expectations of employees. The ADP TotalSource Employee Benefits Survey provides a glimpse into what employees will want in 2025 and forward.

With constant change in the healthcare landscape, regulations, and the domestic and global economies, it's critical that employers help employees navigate these uncertainties. Employers can use the survey's data to help shape their overall compensation strategy and make informed decisions about which benefit plans to offer. The goal is to deliver a better overall employee experience and make employees feel valued – all to drive employee retention and attract the best people.

