

# How group benefits can support financial goals

## Insights from Wellness@Work research

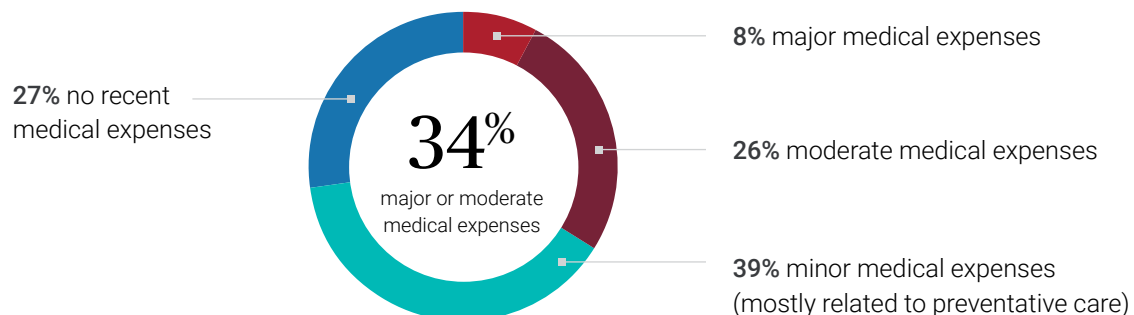
The 2023 Wellness@Work: Retirement Plan Services Study is based on a national survey of 2,604 full-time workers who are eligible to contribute to an employer-sponsored retirement plan, including 2,104 participants and 500 non-participants. Unless otherwise noted, all information provided in this article is from the 2023 Wellness@Work Study.



Medical expenses can affect more than current financial wellness — their effects can ripple into the future and derail progress toward a secure retirement. By offering the right group benefits, employees can prepare for the unexpected and protect retirement savings.

## Impacts of medical events

While many factors may contribute to an employee's financial wellness, those surveyed cited debt — and medical debt in particular — as an issue. One-third said they've had major or moderate medical expenses in the past two to three years.



Medical debt is more prominent for employees who don't participate in their company's retirement plan.

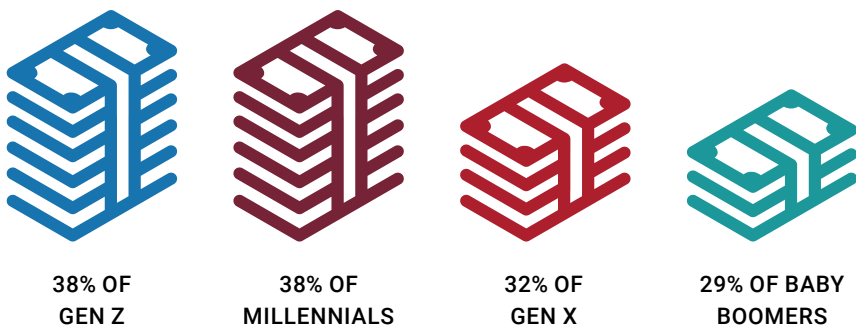


And that medical debt prevents these employees from saving for retirement or saving more.

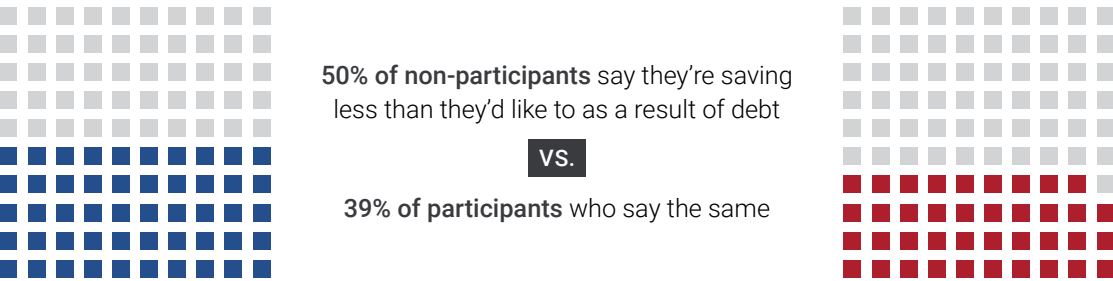


39% of all employees who have had moderate or significant medical expenses or medical debt are saving less because of medical expenses/medical debt

Gen Z and millennials are more likely to say they've faced moderate to major medical expenses in the past few years, but every generation has experienced it.



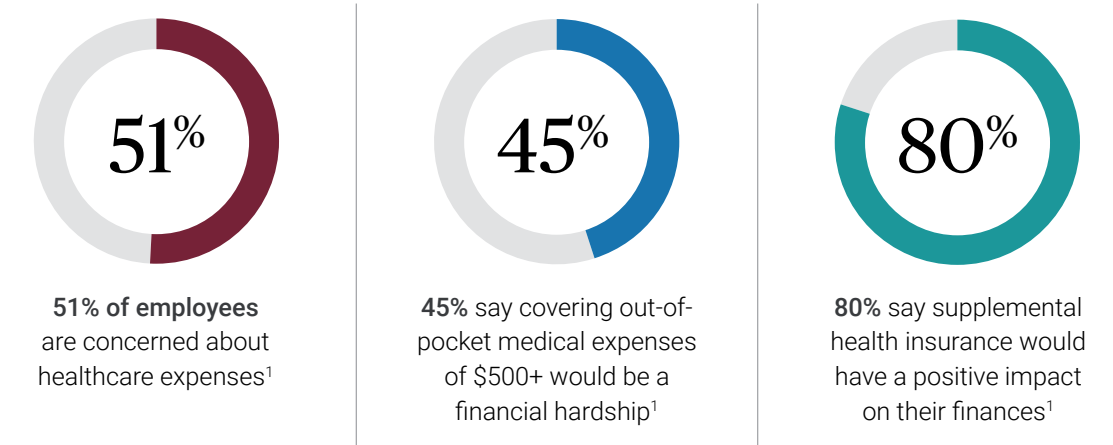
Medical events that lead to time out of work can result in lost wages and add more debt to the pile, especially when employees don't have benefits to help or emergency savings to fall back on.




It's no surprise that 40% of workers say they're afraid they'll never be able to retire. Among non-participants, that number rises to 54%. It may not be surprising, but it's not something we can accept. Employees need help, and it's in our power to do something about it.

The need for voluntary group benefits

Unexpected medical events may have consequences that disability, accident insurance, critical illness insurance, and hospital indemnity insurance, as well as health savings accounts (HSAs), can help employees manage more easily.



Most employees are unprepared to miss work, and the need for disability insurance is undeniable.



**Less than half** of employees would be able to cover day-to-day expenses if they were out of work for a few weeks; **only 20%** would be able to cover them if they were out of work for six months or more.<sup>1</sup>

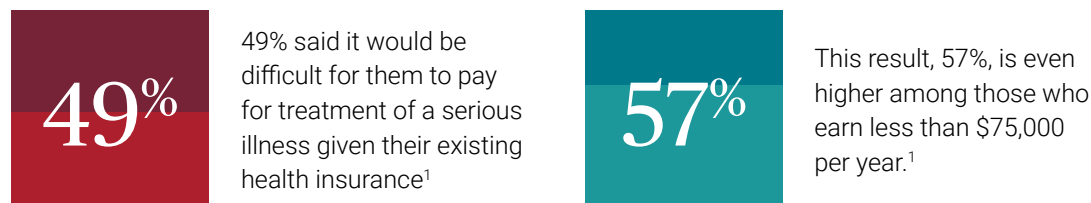
Many employees use savings to pay for healthcare expenses, but far fewer use HSAs. Six in 10 employees would use savings to pay for unexpected healthcare expenses, but only 27% would use an HSA.<sup>1</sup> With employees already saving for health expenses, there's a significant opportunity to increase HSA usage and help their savings go further.

<sup>1</sup> Lincoln Financial, Consumer Sentiment Tracker, 2022.

## Holistic benefits package that supports financial wellness

Employers can offer holistic well-being solutions and education as part of a comprehensive benefits package. Interest in supplemental health insurance products is high among those who aren't currently offered these benefits. Almost half would be **very interested** in critical illness, hospital indemnity, and accident insurance. However, only 34% say they're offered accident insurance, 27% critical illness insurance, and 22% hospital indemnity insurance.<sup>1</sup>

When asked what they'd like a supplemental health benefit to cover, the top answer was chronic or serious illnesses (47%).<sup>1</sup> Employees said personal experience with these diseases made them aware of the emotional, physical, and financial costs.



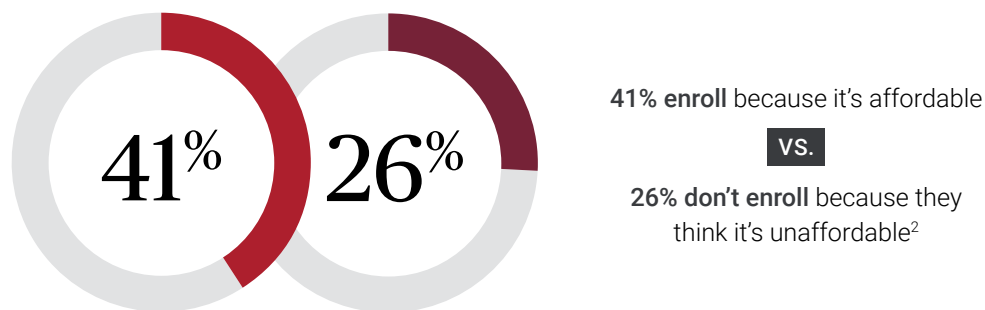
If employees struggle to pay for healthcare expenses, they may not have much left over to save for retirement. Offering the benefits and education they need may help them protect their future and increase their financial wellness.

<sup>1</sup> Lincoln Financial, Wellness@Work: Group Benefits, 2022.



## Driving adoption

What makes employees enroll — or not — in group benefits? Affordability is a top motivator and a top barrier.



Education is key. Employees need to understand the value, what's covered, and how they can benefit.

- 19% don't enroll because they don't understand what's covered by supplemental health benefits<sup>2</sup>
- 54% of employees incorrectly believe that supplemental health benefits are only for people who already have specific issues<sup>2</sup>
- 33% say they enrolled because of information/education provided by their employer<sup>2</sup>

<sup>2</sup> Lincoln Financial, Wellness@Work: Group Benefits, 2022.

## Supporting employees now so they can save for the future

Remember, education is vital, especially during open enrollment periods when employees choose which benefits to select. They often don't understand how supplemental insurance or HSAs can help them.

Making the right decisions about benefits can support their retirement goals and may help them stay on track in case of the unexpected. Benefits education, which may include personal support, can help employees understand their benefit options so they can make the most of them.



### We can help make your benefits more beneficial

Get details about the impact group benefits can have in helping employees protect what matters most.

[View supplemental health resources >>](#)

# About Wellness@Work

All data in this paper was from the 2023 Wellness@Work: Retirement Plan Services Study unless otherwise specified.

Wellness@Work is a platform for research and viewpoints on central issues related to group benefits and retirement planning. The program seeks to identify forward-thinking ways to help financial professionals, employers, and employees. As part of the program, Lincoln sponsors both proprietary and third party research, with an emphasis on what drives better benefit and retirement outcomes.

The 2023 Wellness@Work: Retirement Plan Services Study is based on a national survey of 2,604 full-time workers who are eligible to contribute to an employer-sponsored retirement plan, including 2,104 participants and 500 non-participants. Greenwald Research, a third party market research firm, conducted the study on behalf of Lincoln Retirement Plan Services. Greenwald Research is not associated with Lincoln Financial Group. Online interviewing took place from February 16 to March 14, 2023. Data is weighted by demographics to mirror the total population.

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