75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

2023

EMPLOYEE BENEFITS SURVEY: EXECUTIVE SUMMARY

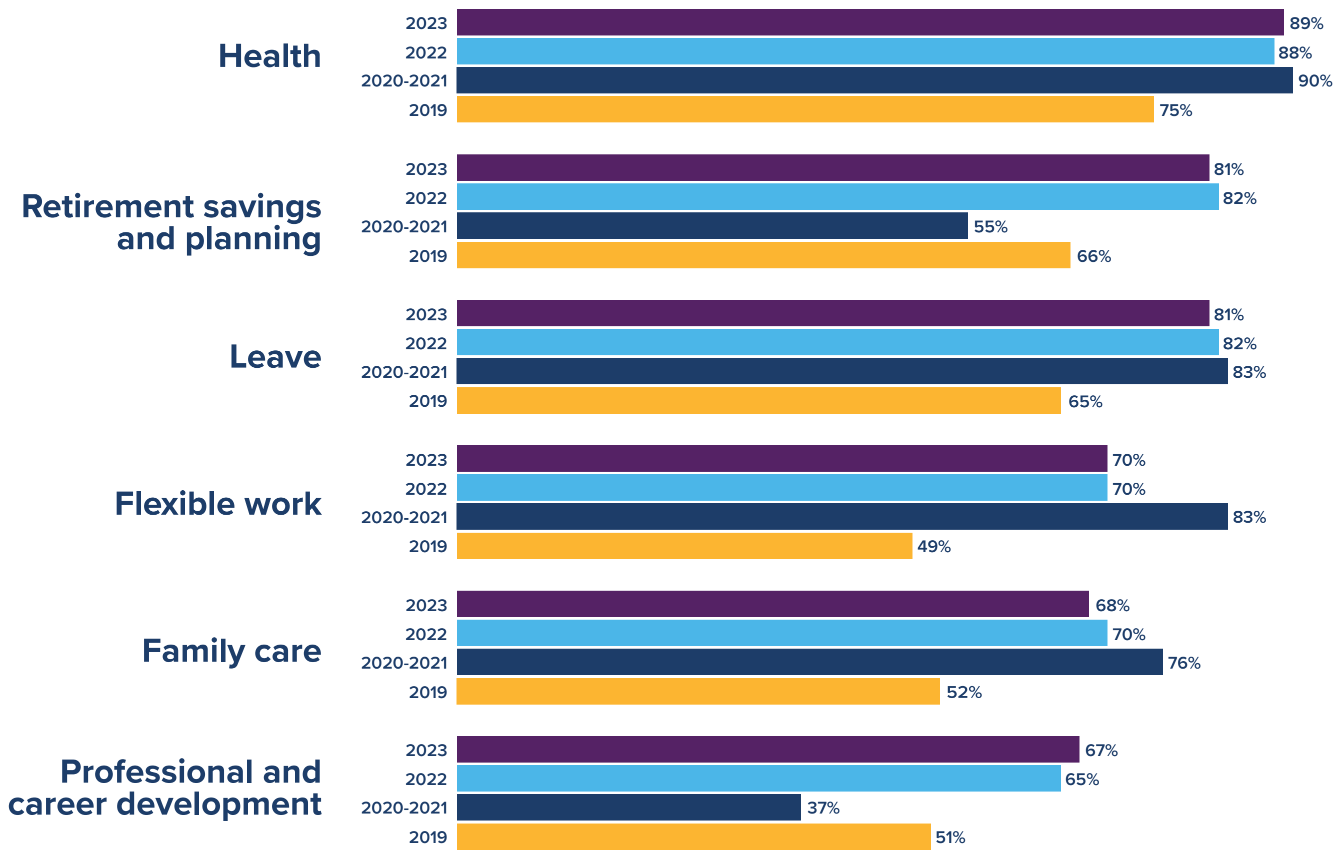
Welcome to one of the longest-running annual surveys of employee benefits in the U.S. Each year, SHRM collects data from HR professionals across the country to capture emerging trends in the popularity and prevalence of various employer-sponsored benefits.

As the world of work has evolved, SHRM has expanded the 2023 survey with 35 additional items, some newly introduced and others reinstated from previous surveys. Again this year, SHRM members have exclusive access to an interactive online database. Using this tool, members can benchmark the survey results by industry, organization size and location.

Find the Employee Benefits Survey Results benchmarking tool at shrm.org/benefits.

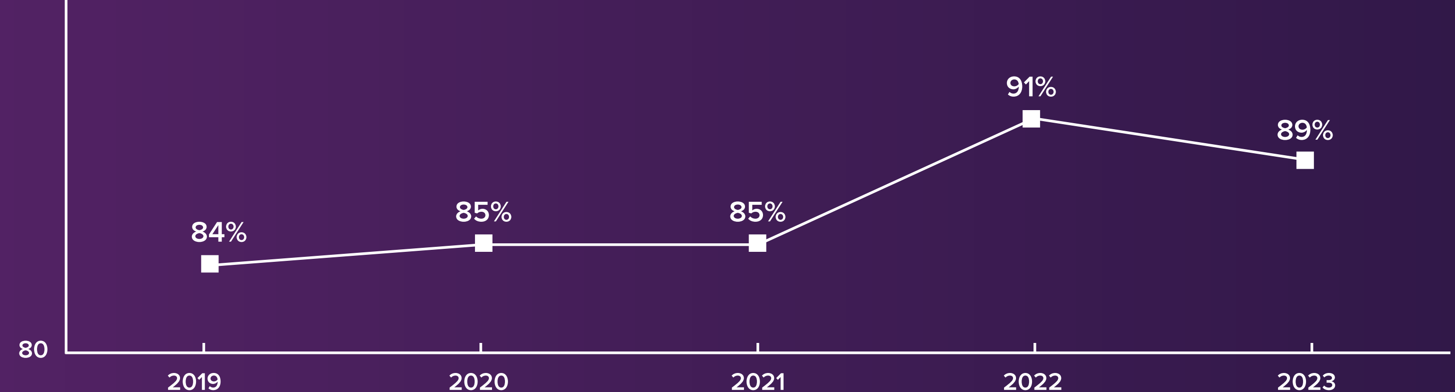
HR professionals once again rated benefits categories on how important they believed each one was to their workforce. Among the top categories, the rank order and the percentage of respondents selecting each one as "very important" or "extremely important" barely budged between 2022 and 2023. Support for flexible working arrangements and family care, which tied in 2022, tipped slightly in favor of flexible work this year (see graph on next page).

TOP BENEFITS CATEGORIES IN RANK ORDER
(Percentages showing Very or Extremely Important)



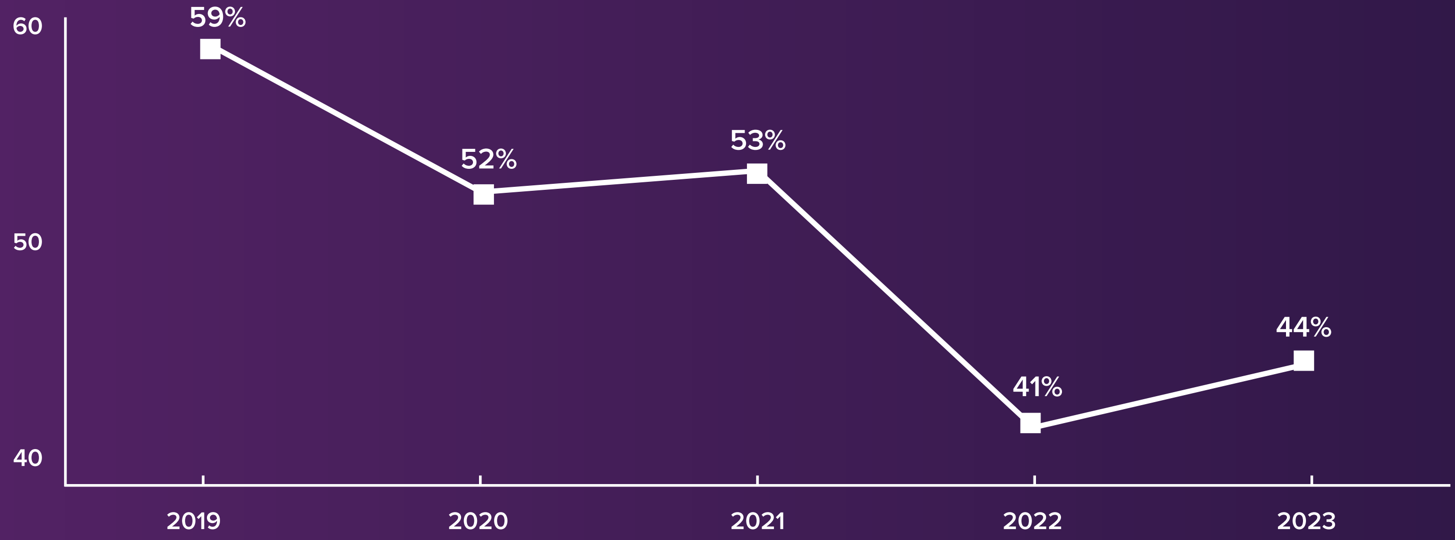
Turning to specific benefits, **mental health coverage** decreased in prevalence by 2 percentage points to 89%, despite widespread publicity about Americans' mental health challenges. However, the prevalence is still higher than rates both before and during the height of the pandemic (84% and 85%). Perhaps this indicates that organizations have learned the importance of supporting employees' mental health.

PREVALENCE OF MENTAL HEALTH COVERAGE, 2019–2023



The prevalence of **wellness programs** rebounded by 3 percentage points to 44% from their low point of 41% in 2022; however, this is still well below their pre-pandemic prevalence of 59% in 2019.

PREVALENCE OF WELLNESS PROGRAMS, 2019–2023



NEW AND NOTABLE IN 2023

Benefits changes in 2023 are all about family. The need for heightened family support during the pandemic seems to have evolved into long-term parental benefits. Significant increases from 2022 were seen in organizations offering paid maternity, paternity or parental leave, as well as adoption leave. In addition, perhaps due to stronger federal protections and accommodations for women who pump breast milk during the workday being enacted in December 2022, more than half of employers offer onsite lactation facilities. As the national debate about paid family leave continues, the number of organizations offering their workers paid leave (beyond local requirements) continues to rise modestly. Finally, as "pandemic pets" have joined more families, pet insurance has emerged as a way for organizations to distinguish themselves as employers of choice.

BENEFITS SNAPSHOT:
HEALTH CARE

HR professionals consider health-related benefits the most important type of benefit an organization can offer, and 98% of employers make health care coverage available to their employees. Employers seem to recognize that providing health insurance is vital to attract talent, even among organizations that are not subject to the employer mandate under the Affordable Care Act.

Preferred provider organization (PPO) plans remain the most common type offered (82%).

High-deductible health plans (HDHPs) linked to a health savings or spending account (health savings account, health reimbursement arrangement or flexible spending account) continue to gain popularity, reaching 64%.

Health-Related Savings or Spending Accounts:

> **Health savings accounts (HSAs):** Of the 60% of employers that offer an HSA as part of their HDHP, 63% contribute to their employees' accounts.
>
> **Health reimbursement arrangements (HRAs):** Group HRAs are trending downward, from 20% in 2019 to 15% in 2023.
>
> **Medical flexible spending accounts (FSAs):** The prevalence of medical FSAs declined slightly for the second year in a row, to 62%.

Since HSAs are incompatible with both FSAs and HRAs, perhaps more employers that offer high-deductible health plans are opting to pair them with an HSA than in previous years.

The vast majority of employers (94%) continue to bundle **prescription drug coverage** with their medical insurance offerings.

Dental and vision coverages are also nearly ubiquitous, offered by 98% and 95% of employers, respectively.

Visit shrm.org/benefits to learn more about medical insurance topics and coverage for specific services.

The share of employers complying with the Affordable Care Act provision to cover **contraception** continues to hover around 79%. A quarter (25%) offer coverage for **infertility treatment**, as well as for **in vitro fertilization**. A small handful (5%) now cover **egg freezing** for nonmedical reasons.

NEW AND NOTABLE IN 2023

This year, 11% of employers are reimbursing employees for **domestic travel expenses** related to seeking medical care. Six percent even reimburse **international travel**.

Corresponding with intense media coverage of health risks associated with obesity, coverage for **weight loss surgery** increased by 3 percentage points and is now offered by 28% of employers. Meanwhile, coverage for **weight loss programs** inched up slightly, to 20%, down from the peak of 29% in 2019.

BENEFITS SNAPSHOT:
RETIREMENT

Tied for second in importance are benefits focused on retirement. Overall, the retirement landscape has changed little since 2022.

More than 9 in 10 employers (94%) continue to offer a **defined contribution plan:** 401(k), 403(b) or 457(b).

Of these employers, 84% provide a **matching contribution** with an average maximum percentage salary match of 7.02%.

Roth (post-tax) retirement options continue to gain in popularity, rising 3 percentage points to 71% this year. Of the employers that offer Roth plans, about 3 in 4 (74%) also provide employer matching, with an average maximum percentage salary match of 6.69%

Half of employers (50%) **automatically enroll** eligible employees in a retirement plan, a pattern consistent with the higher levels seen since the onset of the pandemic. Automatic escalation of salary deferrals has also been consistent, with 27% of employers having this feature.

NEW AND NOTABLE IN 2023

Substantial changes to retirement plans are on the horizon as provisions of the **SECURE Act 2.0** take effect over the next few years. Among those most likely to raise employers' expenses are required automatic retirement plan enrollment and expansion of eligibility to more part-time workers (both on Jan. 1, 2025). Employers are likely investigating the potential implications of these requirements now, and there may be larger shifts next year as companies begin to implement some of these changes in preparation for them becoming law.

BENEFITS SNAPSHOT:

LEAVE

Leave benefits are tied with retirement for second in importance among benefits categories.

Paid **vacation** (99%) and **sick leave** (95%) remain nearly universal, with 70% of organizations combining them as **paid time off** (PTO). Paid open or unlimited leave increased slightly, with 8% offering this benefit.

Paid family care leave: Paid leave to care for immediate family members became slightly more common, with one-third of employers (33%) now offering it. Almost 2 in 10 employers (18%) provide paid leave to care for extended family.

Unpaid family care leave: Meanwhile, 83% of employers provide leave to care for immediate family as defined by the federal Family and Medical Leave Act, and 27% allow employees to extend the length of their unpaid leave beyond state or federal requirements. Just over a third (36%) of organizations allow employees to take unpaid leave to care for extended family.

With many employers identifying mental health as a major priority for 2023, almost 1 in 5 continue to offer designated **paid mental health days** (separate from regular sick time).

Find out more at shrm.org/benefits.

Civic leaves: Voting leave beyond what may be required by law is virtually unchanged from 2022, whether offered as paid (54%) or unpaid (45%) time. Paid leave for volunteering has been inching up each year, reaching 28% in 2023. Recently emerging in the leave portfolio is time off for protests or activism. A minority of employers (14%) have begun allowing unpaid time off for this purpose, while a tiny percentage (4%) provide paid time off.

Though the concept of **sabbaticals from work** has garnered much attention, paid and unpaid sabbaticals remain rare outside of academic and pastoral settings. Overall, fewer than 1 in 10 employers offer either paid (7%) or unpaid (8%) sabbatical leave.

NEW AND NOTABLE IN 2023

PAID LEAVE FOR NEW PARENTS

40% Maternity Leave

32% Paternity Leave

34% Adoption Leave

39% Parental Leave

33% Family Leave

25% Foster Child Leave

More employers are supporting employees who welcome children into their homes. Five-percentage-point jumps occurred in designated paid **maternity** and **paternity leaves** (separate from parental leave), now offered by 40% and 32% of employers, respectively. Simultaneously, paid **parental leave** is now offered by nearly 4 in 10 employers (39%), a six-point jump this year. Paid **family leave** for new parents has been creeping slowly upward in recent years, now reaching 33%. Meanwhile, paid **adoption leave** also rose by 6 percentage points, with about a third of employers (34%) now offering it. Lastly, paid **foster child leave** increased 3 percentage points to 25%.

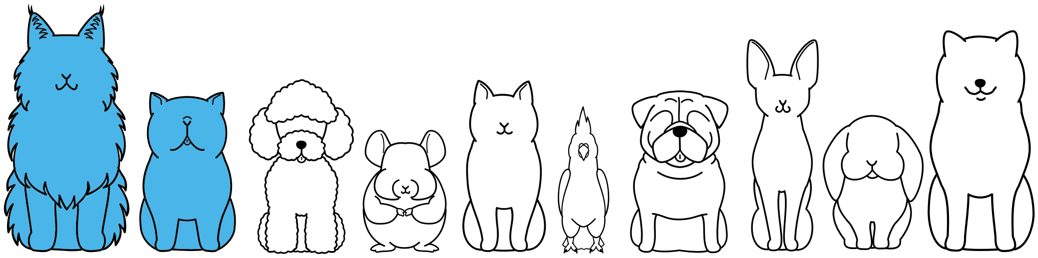
BENEFITS SNAPSHOT:
FAMILY CARE

The main family care benefit employers offer is a **dependent care flexible spending account**, which allows employees to set aside pretax money for child care expenses. Yet the prevalence of this offering has eroded to 57% today. Perhaps fewer companies are offering it as an option because it is becoming less popular among employees who have been burned by the use-it-or-lose-it provision. Another potential deterrent for employees is that expenses paid through a dependent care FSA are ineligible for the child care tax credit, so many employees must choose whichever option benefits them the most.

Perhaps spurred by the federal Providing Urgent Maternal Protections for Nursing Mothers Act (PUMP Act), **onsite lactation facilities** continue to become more prevalent and are now available at 54% of employers.

About a third of employers (32%) allow employees to **bring children to work** in an emergency. Only a small minority of employers offer any additional family care benefits.

NEW AND NOTABLE IN 2023



NEARLY 20% OF EMPLOYERS NOW OFFER PET INSURANCE

Whether furry, feathered or scaly, pets are vital members of many U.S. families. Now offered by almost 1 in 5 employers (19%), up from 14% in 2022, **pet insurance** may be a new star on the horizon. With the cost of routine and specialty animal care skyrocketing, it seems more families may be finding insurance protection attractive and more employers may be recognizing the value of offering it.

BENEFITS SNAPSHOT:

FLEXIBLE WORK ARRANGEMENTS

After bursting into prominence during the pandemic, flexible work seems here to stay. Conditions have generally leveled off, however, showing smaller changes in 2023 compared to previous years.

59%
of employers subsidize at-home office equipment
▽ **3 percentage points** from 2022

AVERAGE REIMBURSEMENT:

$857

▽ **$34** from 2022

In 2023, 62% of employers continue to offer **hybrid work** opportunities.

Among all employers, 59% **subsidize the cost of at-home office equipment**, a drop of 3 percentage points from 2022. The average reimbursement amount also dropped by $34, to $857. Perhaps budgets to cover remote work are declining as more employees return to the office.

The **costs employers typically cover** include office technology (95%) and general office supplies (65%).

The only other flexible work benefit that more than half of employers offer is **flextime during core business hours** (54%), while a third (33%) offer flextime outside of core business hours.

Despite broad publicity around trials of a **four-day workweek** (32 hours or less per week, for all or part of the year), this schedule has caught on with only around 1 in 10 employers (9%).

Find out more at shrm.org/benefits.

BENEFITS SNAPSHOT:
PROFESSIONAL DEVELOPMENT

Around 8 in 10 employers provide formal training or education for **upskilling/reskilling** employees (79%) and for **keeping skills current** (82%).

The large majority also cover costs for **professional memberships** (87%), **certification/recertification** (78%) and **professional licenses** (77%). In 2023, these percentages all reached their highest point within the past five years.

Tuition assistance, offered by 48% of employers, is a sought-after benefit for many employees working their way through school. Though the percentage of employers offering this benefit has remained stable from last year, employers may be tightening the purse strings by offering smaller benefit amounts.

Company-provided student loan repayments are another way for employers to support workers grappling with the rising costs of higher education. This is provided by 8% of employers, almost unchanged over five years.

AVERAGE MAXIMUM EDUCATION ASSISTANCE

(tuition assistance and/or student loan repayment)

$4,764 ▽ **$306** from 2022

DIVE DEEPER

23% offer retention bonuses

59% offer referral bonuses

After taking a hiatus from the Employee Benefits Survey for the past few years, several questions about awards and bonuses were added back this year. Current findings align with the high priority that HR professionals and U.S. workers alike place on talent retention and recruitment in a tight labor market. Last measured at 15% in 2019, the prevalence of **retention bonuses** has now increased to 23%. In addition, nearly 6 in 10 employers (59%) currently offer **referral bonuses**, compared with 53% in 2019.

Though still not at pre-pandemic levels, the prevalence of **nonretirement financial advice** rebounded notably this year. Nearly 1 in 3 employers (31%) currently offer online or in-person services. As inflation further pinches employees' pocketbooks, perhaps employers are seeing the value of reinstating this benefit.

There is so much more to the SHRM Employee Benefits Survey Results than can be covered in this brief summary. Are you evaluating whether to expand your employee assistance program offerings? Are your employees lobbying for reproductive care? As a benefit of SHRM membership, the benchmarking data you need to build a business case for changing up your organization's benefits offerings is at your fingertips on our website.

To explore more results from the SHRM Employee Benefits Survey, visit the online interactive database at shrm.org/benefits.

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Research Methodology

The 2023 SHRM Employee Benefits Survey was conducted from Jan. 17 to March 8, 2023. Online surveys were sent to U.S.-based professional members of SHRM, which yielded eligible responses from 4,217 participants representing independent organizations. Respondents were asked to provide answers regarding what employee benefits their organizations offered during plan year 2023. A stratified sampling approach was used to ensure coverage of all locations (including states) in the online benchmarking tool. Respondents represent organizations of all sizes—from two employees to more than 25,000—in a wide variety of industries and sectors across the U.S. The data is unweighted.

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