

The Future of Benefits

— An HR guide to what's next
for employee benefits in 2022

“ If the past 18 months have taught us anything, it’s that employees crave investment in the human aspects of work Yes, they want pay, benefits, and perks, but more than that they want to feel valued by their organizations and managers. They want meaningful—though not necessarily in-person—interactions, not just transactions. ”

- *McKinsey and Company*¹

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The profound labor shortages that started in 2021 have not subsided. [At least four million workers resigned each month during the second half of 2021²](#), and organizations are scrambling to respond to remain competitive. In a January 2022 survey, Care.com surveyed 501 Human Resource professionals and nearly all (97%) reported changes in their company's benefits strategy, 56% reported that they have made major changes, and 52% indicated that the changes they have made are likely to be permanent.

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When we drill down on what ad hoc benefits adjustments made at the start of the COVID pandemic are turning into emerging and more durable trends, we see an interesting phenomenon. In this tight labor market, savvy HR leaders are thinking even more like marketers – analyzing their competitors' offerings and developing and communicating benefits strategies that resonate with specific employee segments. They recognize that one size does not fit all and are tailoring their benefits to address the diverse and highly specific needs of a heterogeneous workforce – from young people just beginning their career, to employees starting families, to seasoned workers for whom retirement is an imminent option. In short, they are trying to tailor their offerings to what their constituents value.

For all groups, care benefits are among those that most actively support key employer objectives: recruiting and retaining top talent; increasing employee productivity; and providing equitable benefit options to a diverse workforce.

Flexibility is the new mantra. Eighty-seven percent report increased flexibility in policies governing workplace and hours, and 86% report a year-over-year increase in flexibility specifically for employees caring for children or aging parents. And while employers have been true to their 2020 intention to expand childcare (56%) and senior care (53%) benefits, demand is still outstripping supply. Fifty-nine percent of our respondents in this year's survey indicated that they are hearing requests for childcare benefits, more than are actually offering them. That's why 57% plan to prioritize childcare and 51% senior care more in 2022, with more employers shifting towards favoring flexible vs. on-site childcare offerings.

Our respondents are also recognizing the importance of supporting self-care to give employees caring for loved ones both the energy and the respite they need. That's why a majority report that they are prioritizing mental health support (59%) and health and fitness discounts (58%).

In this report, we explore how employers are using benefits, not just to attract and retain a diverse and productive workforce, but to nurture employees' investment in their jobs. And as you'll see, they're doing it by demonstrating that they care.

About this study

From December 23, 2021 – January 10, 2022, Care.com surveyed 501 US-based C-Suite and executive Human Resources leaders. The surveys were conducted using the online survey platform, Pollfish, and compiled by DKC Analytics.

- 48% describe themselves as the lead decision-maker in charge of HR policies and benefits
- 14% as a member of the leadership team
- 38% as a manager with some responsibility for benefits

All respondents work for companies with 500 or more employees.

- 48% work for companies with 501-1,000 employees
- 24% with 1,001-2,000 employees
- 28% with over 2,000 employees

While respondents work in a wide range of industries, the top industries are:

- Technology (35%)
- Manufacturing/Construction (14%)
- Finance/Insurance/Consulting (14%)
- Healthcare (12%)

Respondents are 60% male and 40% women.

Respondents are of the following ages:

- 27% are under 35 years old
- 54% are between 35 and 44 years old
- 19% are 45 years old and older

Recruiting & retaining a productive and diverse workforce



“ Being able to support everyone in their life circumstances results in company success. ”

- Survey respondent - Male, 34, Technology

In this period of upheaval, the goals of every HR department have become crystal clear: Recruit and retain a productive and diverse workforce. How employers go about doing this can vary, but success is most definitely tied to benefit programs. In fact, the majority of our respondents saw care benefits as helping them achieve every goal.

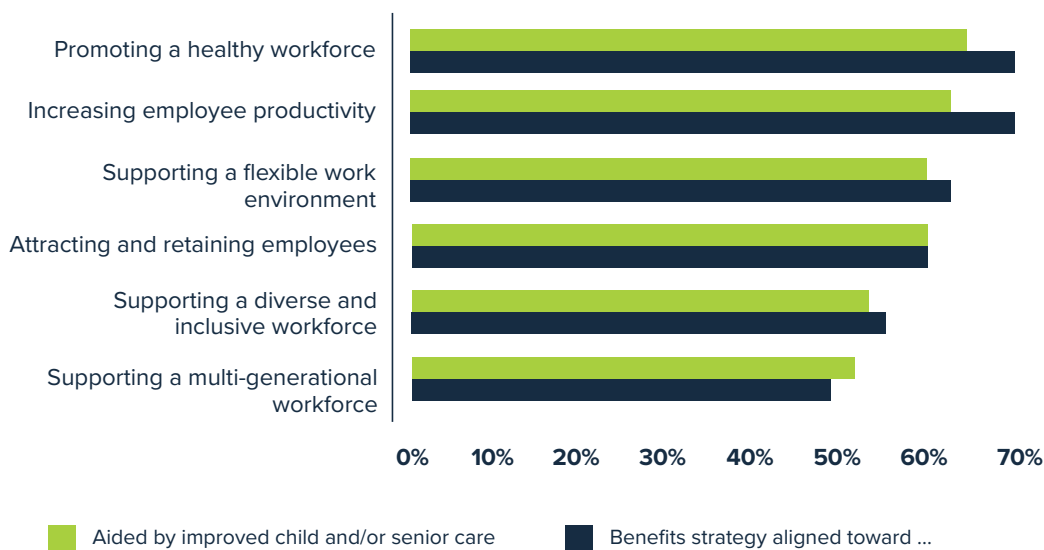
The impact of care benefits is especially pronounced in relation to the twin challenges of recruitment/retention and productivity.

90% of employers say childcare benefits have a positive impact on talent recruitment and retention

86% report the same for senior care

78% of our respondents said that recruitment and retention have become more challenging in the past year, while only 8% say it is less challenging. And the desire for better childcare or senior care benefits (cited by 48%) is the third leading reason for employee attrition, trailing only the desire for increased salary (65%) and increased flexibility (60%). That's why 90% report that childcare benefits have a positive impact on talent recruitment/retention (equal to retirement plans, and slightly out-performing even paid time off and health insurance), and 86% report the same for senior care.

How benefit strategies support business objectives



Cited Reasons for Leaving a Job

Desire for increased salary	65%
Desire for increased flexibility	59%
Desire for better childcare or senior care benefits	48%
Struggling with childcare or senior care challenges	47%
Desire for better culture	46%
Desire for more diverse and inclusive workforce	45%

But while recruitment and retention challenges are massive, as schools reopen, remote work is better supported, and companies are adopting more flexible approaches to both work and benefits, employee productivity is on the rise. Seventy-six percent of our respondents reported an increase in productivity over the past year (vs. 16% reporting lower productivity), with 46% reporting that employees are much more productive now. And here too, sizeable majorities report that care benefits help boost productivity, with 88% citing childcare benefits and 86% reporting senior care benefits as having a positive impact. So too does mental health support, with 87% seeing it as an aid to productivity.

And care benefits have a positive impact on secondary business objectives as well. Significant majorities saw childcare benefits (90%), senior care benefits (86%), and mental health support (86%) as also buoying the goal of “Supporting a diverse and inclusive workforce” (60%).

88% report childcare benefits help boost productivity

86% report the same for senior care

— **Think like an HR leader,
act like a marketer**



At the start of 2021, the national unemployment rate was 6.7 percent, with 10 million fewer people employed than before the pandemic. But contrary to the general expectation that economic recovery would take years, the demand for workers has come roaring back. However, the number of people willing to work – or at least willing to work under the same old conditions – has not. Indeed, the number of people seeking jobs [has stagnated](#) since May of 2020.

No employer or industry has been immune to the effects of employee attrition, hiring challenges, and increasing salary requirements. In our survey, 82% of respondents said that these labor market shifts are affecting them, with 48% reporting a very significant impact.

96% pay attention to competitors' benefit packages

56% say their competitors' offerings impact that own strategy

HR leaders are starting to recognize that in a workers' job market, employers have to actively compete with one another to woo current and prospective employees. Just as food manufacturers try to understand and tap into unmet physical and emotional needs, just as retailers consider the customer experience as much as the products on the shelves, the purveyors of jobs – HR professionals – must take a more holistic perspective than ever before. They have to determine how to set their companies apart from the others who are seeking to attract and retain the same employees by being particularly attuned to what those workers want and need.

Thus, it's no surprise that 96% of our respondents said that they pay attention to competitors' benefit packages, with 66% indicating that they pay significant attention. More striking, 56% said that their competitors' offerings impact their own strategy.

Specifically, they are becoming ever more personalized as HR leaders seek to address the highly specific needs of a heterogeneous workforce with diverse needs. Like good marketers, they are trying to tailor their offerings to what their constituents value.

The primary strategies respondents are using to differentiate themselves are:

Being a more flexible workplace	69%
Offering a wide array of benefits	62%
Offering higher dollar value of benefits	54%
Benefits tailored for specific life stages	52%



• **“Flexibility”** is an admittedly broad term, encompassing work location, what constitutes “working hours,” and even the structure and format of benefits themselves. That’s why “Offering a wide array of benefits” is also such a popular strategy. It increases the likelihood that in any package there will be at least some benefits that particularly resonate with a given individual.

But some companies don’t have the financial luxury of taking a broad-spectrum approach. For example, they may not be able to offer both commuter benefits for the on-site worker and home office stipends for the remote one. And while both have some financial value, neither benefit offers sustained emotional rewards. Commuting is rarely if ever a source of joy, and once the excitement of setting up a home office passes, workers are left with only the technical hassles and off-hours pull of having one.

That’s why “Benefits tailored for specific life stages” is an especially wise strategy for providing benefit equity to a diverse workforce. It recognizes employees’ whole selves and lives, who they are outside as well as within their jobs. In doing so, it helps them feel seen and valued in a non-transactional, more human way. And as any marketer will tell you, making people understood and appreciated is the key to winning their loyalty.

Trending: Care benefits are here to stay



“ As we recruit middle age employees, we realized our staff had issues with their children and aging parents. ”

– Survey respondent – Female, 54, Government/Non-Profit

Tailoring benefits to both ages and life stages (the two are not synonymous) is not just an admirable strategy, it's one that's particularly appropriate for this time. Age is no longer a proxy for life stage and multigenerational workforces comprise people with a wide range of caregiver needs and responsibilities. The HR leaders who took our survey are responding accordingly by adding and expanding care benefits for workers in every life stage.

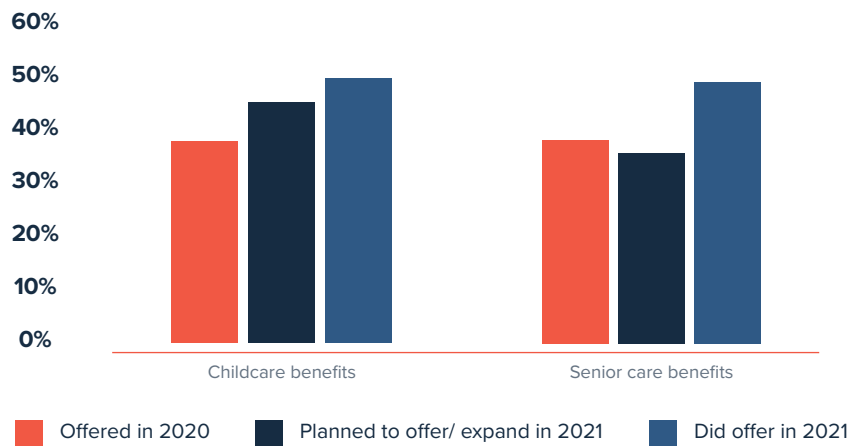
In our [2021 Future of Benefits Report](#), we saw that childcare benefits and senior care benefits were each offered by 43% of our respondents' organizations. But 50% said their organization planned to newly offer or expand childcare benefits and 42% had similar plans for senior care benefits in the coming year.

They've been true to their word. In the 2022 survey, 56% report offering childcare benefits and 53% senior care benefits. Even with this improvement, demand is still outstripping supply. Fifty-nine percent of our respondents in this year's survey indicated that they hear requests for childcare benefits, more than they are actually offering them.

57% are prioritizing childcare benefits more in 2022

51% say the same for senior care

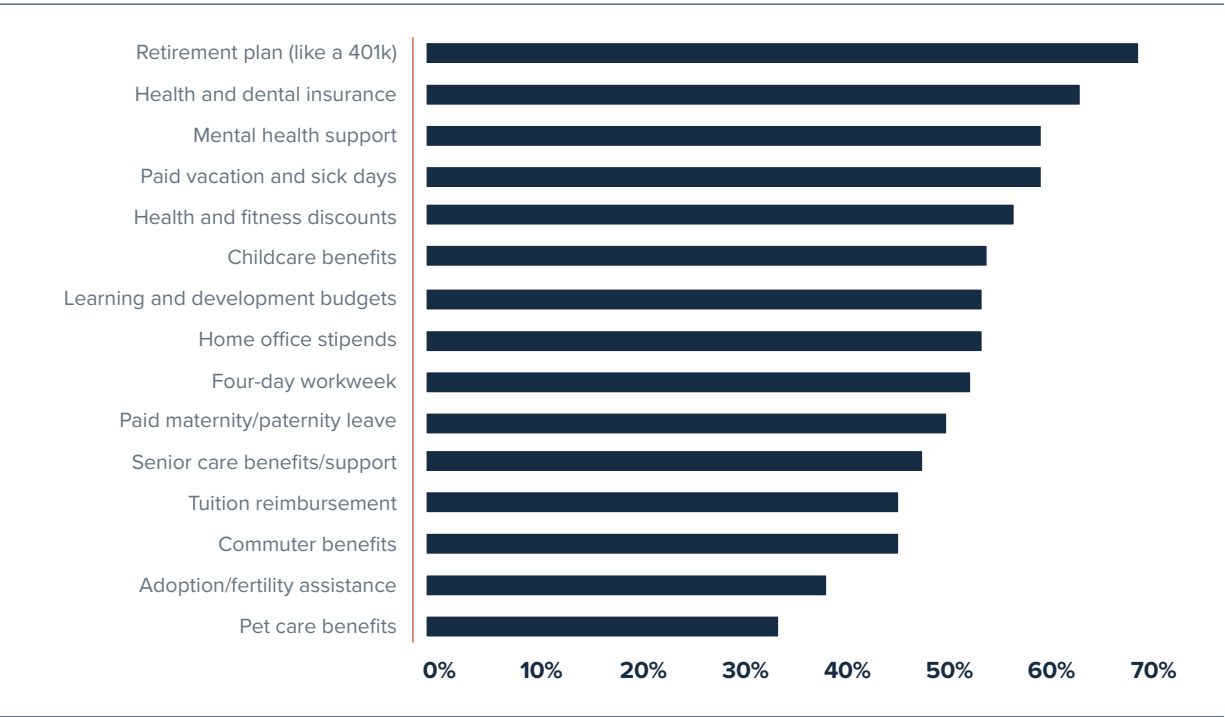
Supply and Demand for Caregiver Benefits



But again, we saw encouraging evidence that HR leaders are trying to adequately close this gap. When asked what benefits they are prioritizing vs. deprioritizing, 57% said they are prioritizing childcare and 51% are prioritizing senior care more in 2022 than in 2021.



What benefits will you prioritize more in 2022 than in past years?



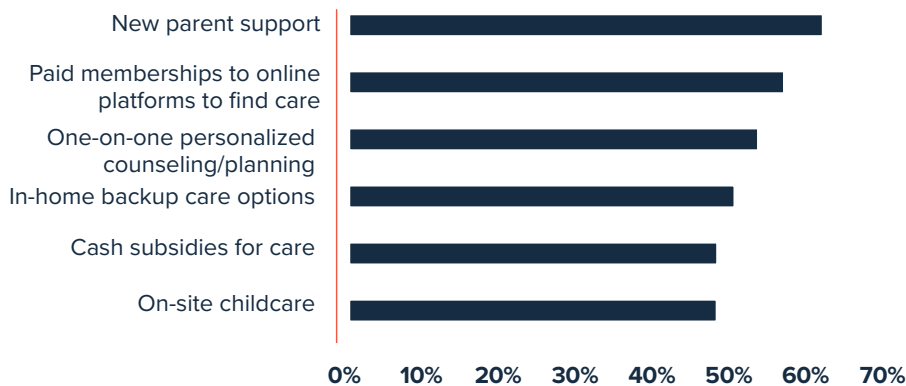
Of course “childcare” can mean many things. When we drill down, we see that among those offering care benefits, new parent support and paid memberships to online platforms for finding caregivers are the most popular.

58% favor flexible benefits

vs

41% that favor on-site care

Most frequently offered among companies supplying caregiver benefits



58% of our respondents have always or do now favor flexible benefits, versus 41% who favor on-site care. And as in last year’s study, more respondents continued to support more flexible offerings (36%) versus on-site care (29%), and nearly twice as many respondents have shifted their preference toward flexible offerings (22%) than have toward on-site care (12%).

Indeed, flexibility – the approach our respondents most often selected as their strategy for differentiating themselves from their competitors – is closely intertwined with caregiver benefits. Flexibility in policies governing employee location or time off is on the rise, with 87% reporting an increase over the past year. And notably, 86% report greater tolerance and flexibility specifically for employees caring for children or aging parents during the same time period.

Perhaps that’s why companies that prioritize the needs of remote workforces in formulating their benefit packages are especially likely to offer care benefits, with 73% offering childcare support, and 65% offering senior care support.

Managing mental health is becoming mainstream



“ Respondents who felt supported by their employer also tended to be less likely to experience mental health symptoms, less likely to underperform and miss work, and more likely to feel comfortable talking about their mental health at work. In addition, they had higher job satisfaction and intentions to stay at their company. Lastly, they had more positive views of their company and its leaders, including trusting their company and being proud to work there.³ ”

– [Kelly Greenwood and Julia Anas, Harvard Business Review](#)

Among the pandemic's consequences on workers' attitudes, a prominent one is a new commitment to self-care. A 2020 study of 2,051 US adults found that [80% of Americans intend to regularly practice self-care when the pandemic is over⁴](#).

An obvious form of self-care is attending to one's mental and emotional health. And it is in employers' interests to be especially proactive in supporting workers' mental health. In a three-month period, patients with depression miss an average of 4.8 workdays and suffer 11.5 days of reduced productivity. On the flip side, > 80% of employees obtaining mental health treatment report improved levels of work efficacy and satisfaction⁵.

61% offer expanded mental health benefits

The employee retention challenges of the past two years illustrate just how crucial it is to expand mental health support. Sixty-eight percent of Millennials (versus 50% in 2019) and 81% of Gen Zers (versus 75% in 2019) [have left jobs for mental health reasons⁶](#). And in a recent survey on mental health in the workplace, [91% of respondents believed that a company's culture should support mental health](#), up from 86% in 2019.

Here too, employers have gotten the message. Sixty-one percent offered expanded mental health benefits in 2021, a full 20% more than had planned to at the close of 2020. And 59% of this year's respondents say that they plan to prioritize mental health benefits more, versus only 50% in last year's report.

But unlike a good salary or 401K, it's daunting to ask a prospective or current employer for mental health support. While 54% of our respondents say that mental health support is requested by current or prospective employees, it's safe to assume that the number who want it but don't dare ask for it is considerably higher.



Thus, while our data show that the “supply” of mental health benefits has remained consistent year over year and exceeds the reported “demand,” that doesn’t necessarily mean that employers are offering adequate support in this domain.

But mental health services are just one form of self-care. Getting adequate sleep, fresh air, and exercise; finding time to engage in hobbies and/or spiritual pursuits – all of these behaviors are forms of self-care. That may be why, along with mental health benefits, both the demand for and supply of health and fitness benefits is also ticking upward. Sixty-seven percent of our respondents offered them in 2021, a full 16% more than had planned to expand this benefit.

59% plan to prioritize mental health
benefits more in 2022

What generation gap?



“ ... advocating for collective solutions—better working conditions, more predictable hours, better benefits, more bargaining power, less overwork—in our workplaces and through national policies would not only make paid work more manageable, but also make work better for people in jobs that have little potential for the expression of passion.”

– Erin A. Cech, author of
The Trouble With Passion: How Searching for Fulfillment at Work Fosters Inequality

As this year’s research has shown, care – childcare, senior care, and self-care – is top of mind for employers and workers alike. But it’s easy for employers with the best of intentions to sometimes miss the mark in the design of their benefits programs largely because old assumptions about how closely age correlates to life stage are increasingly obsolete.

For instance, while we predictably saw an emphasis on 401K plans for “Retirement planners and savers” (69%) and paid parental leave for “People planning to have families” and “New Parents” (58%), a surprising minority of respondents considered senior care benefits to be particularly important to any subgroup except those explicitly identified as “Caregivers to the elderly.” But the fact is that elder care is not confined to Generation X and Boomers; as far back as 2016, at least [one in four caregivers to the elderly was a Millennial](#)⁸, and that proportion is only growing.

And while 68% prioritized childcare benefits for new parents, the perceived importance of this benefit waned a bit for parents with school aged children. Only 42% saw it as important to career beginners and 36% as being important to caregivers to the elderly. But raising children is another responsibility that’s much more demographically dispersed than it used to be. Approximately [1 million grandparents](#)⁹ age 60 and over are responsible for the basic needs of one or more grandchildren under age 18 living with them.

The average age at which women have their first child also [varies wildly](#) depending on region, income, and education. For instance, the average age of first-time mothers without a college degree is 23.8, while among the college-educated, it’s 30.3. In Zapata County, Texas, it’s 21, while in San Francisco, it’s 32.

The bottom line is that tailoring your benefits program requires not just a deep knowledge of your workforce, but enough breadth in your options to meet your employees where they are, not where you expect them to be.

But there’s one other form of care we haven’t addressed, and that’s the degree to which employees care about their jobs, period. A recent study by Allies@Work found that 48% of working moms in their study were less or entirely uncommitted to their jobs now than before the pandemic. [Fewer Americans](#)¹⁰ now mention jobs as a source of meaning in life than in 2017, and the [Pew Research Center’s](#)¹¹ late 2021 study of 19,000 adults across 17 advanced economies found that career is declining as a source of meaning in life, particularly among people under age 30.

To counter this indifference – or at least to productively adapt to it – employers need to show that they recognize employees not just as revenue generators, but as whole people with significant needs and demands off the job as well as on it. To nurture employees’ investment in and commitment to their jobs, they themselves need to demonstrate that they care, and will continue to do so even after the pandemic subsides.

Caring is no longer a fad. It’s a business-critical tool, one that meets employee expectations and holds the power to transform their relationship to and performance at work.

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