

Anchors of Trust:

EMPLOYERS AND THE FUTURE OF BENEFITS

**Navigating healthcare costs, retirement readiness
and the future of employee wellbeing**

2025 ADP TotalSource® Employee Benefits Survey



**Always Designing
for People®**



Executive summary

A growing gap between effort and assurance

Employee benefits decisions are being defined by a growing disconnect between effort and assurance. Employees are more engaged, more informed, and more proactive in their benefits selection than in prior years, yet many feel less confident and more exposed to risk. Even as savings levels rise and digital tools improve, escalating costs, system complexity, and long-term financial uncertainty are undermining employees' sense of security.

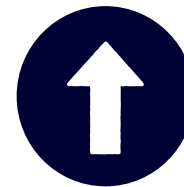
The role of the employer is expanding from benefits provider to trusted guide

The ADP TotalSource Employee Benefits Survey shows a workforce navigating healthcare and financial decisions under pressure. As confidence in the healthcare system weakens, employees increasingly look to their employers as trusted guides. Affordability now outweighs nearly every other factor in benefits decision-making, while demand is increasing for clearer, more personalized benefits support. At the same time, long-term financial security, particularly retirement readiness, has accelerated as a defining concern, reshaping how employees evaluate the total value of their compensation.

"Employees are doing more to understand their benefits yet feeling less confident about the decisions they make."



Effort is up. **Sense of assurance is not.**



Engagement,
Savings, Tool Usage



Confidence,
Security

Executive summary

Why benefits still matter deeply

Benefits remain a powerful driver of employee sentiment. The majority of employees report feeling valued because of the medical and non-medical benefits their employer provides, reinforcing the importance of a strong and well-structured benefits package. Medical insurance continues to rank as the most valued benefit in this survey, followed by a 401(k) retirement savings plan. Overall, compensation remains the leading work consideration, underscoring the interconnected nature of pay, benefits and perceived security.

Taken together, these findings point to a clear opportunity for employers: to move beyond benefits provision alone and toward benefits guidance. In an increasingly complex environment, clarity, guidance and confidence now matter as much as coverage itself.

Now in its eighth year, ADP's TotalSource Employee Benefits Survey provides insight into the evolving benefits landscape and offers employers a data-driven foundation for shaping benefits strategies that support engagement, retention and long-term workforce stability.

"There's a clear opportunity for employers to move from benefits provision alone to benefits guidance."

Benefits that employees value most



93% responded
medical insurance



63% responded
401(k) retirement savings plan



60% responded
dental insurance

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

Key findings



Employers have become the anchor of trust in a changing benefits environment.

Employers are emerging as the primary source of continuity for employees.



Cost pressure is driving employees to make healthcare tradeoffs.

Cost is not just shaping preferences; it's influencing real decisions and pushing employees to make decisions that can affect their health care.



Employees have more money set aside yet feel less secure.

This gap highlights a clear opportunity for better communication, financial education and guidance.



Employees are spending more time evaluating and choosing benefits.

But they need clearer guidance to turn options into confident decisions.



Retirement anxiety is rising faster than healthcare anxiety.

Employees are placing greater weight on benefits that provide future protection, not just immediate coverage.



About the survey

The ADP TotalSource Employee Benefits Survey, one of the largest surveys of its kind, received responses from 12,429 U.S. workers. Two in five respondents work at companies with 50 or fewer employees. The survey was fielded from September 9 to October 29, 2025.

Since launching in 2018, the annual survey has gathered insights from tens of thousands of U.S. workers on how they use employer-provided benefits and how they feel about the benefits available to them.

Key finding #1

Employers have become the anchor of trust in a changing benefits environment

As external confidence in the healthcare system weakens, employees increasingly look inward to their employers for stability and reassurance. Almost three-quarters of workers continue to believe their employer will provide benefits that meet their needs, even amid legislative and economic uncertainty. This reflects a broader shift in expectations: employers are now viewed as navigators of complexity, not just sponsors of plans.

“In spite of uncertainty in the healthcare environment, confidence in employer-sponsored coverage remains high...”

In 2024, confidence in health benefit decisions was improving, with strong majorities reporting they chose plans with good overall value and felt supported by available tools. This trend continued through 2025 and into 2026. What is significant is that in spite of uncertainty in the healthcare environment and the economy, confidence in employer-sponsored coverage remains high and employees report feeling valued because of medical and non-medical benefits.



74%

remain confident they will have employer-sponsored medical benefits **that fit their needs** despite legislative uncertainty

Base: All Respondents | **Q:** How much do you agree or disagree with...I'm confident that no matter what happens in my state legislation or in Washington, D.C., my employer will continue to provide medical benefits that fit my needs?



The **total benefits package** drives employee sentiment



78%

feel valued because their **employer offers medical benefits**

Key takeaway

Employers are emerging as the primary source of reassurance in an unpredictable healthcare landscape. Workers increasingly expect their employer not only to offer coverage, but to **help interpret complexity, provide guidance, and create a sense of stability in an otherwise uncertain benefits environment**. This elevated role positions employers as stewards of trust, where clear communication and decision support are as critical as the benefits themselves.



83%

feel valued because their **employer offers non-medical benefits**

Base: All Respondents | **Q:** How much do you agree or disagree with... I feel valued by my employer because of the medical benefits they provide? **Q:** 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 finding #2

Cost pressure is driving employees to make healthcare tradeoffs

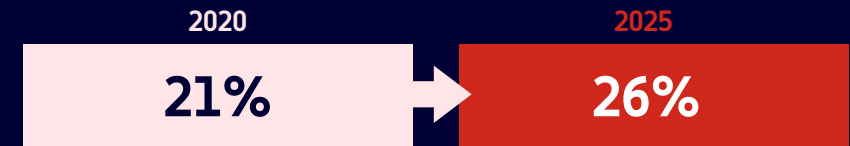
Cost has become the main way employees evaluate their benefits. Health insurance premium affordability now outweighs plan features, optional coverage, and the range of benefits offered. This cost-first approach is not just shaping preferences, it is influencing real decisions and pushing employees to make decisions that can affect their health.

"Affordability is no longer one factor among many; it is the lens through which nearly every benefits decision is made."

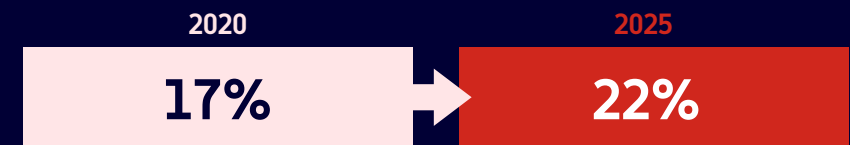
Employees were already making cost-driven compromises in 2024, such as delaying care or taking less medication. Now these behaviors have increased across all measures. More than one in four employees skipped medical care for themselves or a family member because of out-of-pocket costs (**26%**). Nearly one quarter took less medication to save money (**22%**), and 15% declined dental or vision coverage so they could afford medical insurance.



Skipped needed medical care because of **out-of-pocket costs**



Stopped taking or have taken less medication to **save money**



Base: All Respondents | **Q:** Choose the option that best applies to each scenario: In the past 12 months...

Premium cost is now the top reason employees waive coverage, choose alternate insurance, or do not cover dependents. This could explain why Health Savings Accounts (HSA) continue to grow in importance. Nearly 1 in 10 listed HSAs in their top three most important benefits as employees look for ways to better manage both routine and unexpected healthcare expenses.

Despite cost challenges, or perhaps because of, many employees are focusing on the parts of their health they can control. To obtain medical advice (e.g., diagnosis, treatments) more than two-thirds **(68%)** have used the internet and a quarter **(27%)** have used GenAI. A strong majority of employees **(78%)** report paying more attention to wellness behaviors such as mindfulness, food choices and exercise. Preventive care use has also increased over the past year, reflecting this broader focus on staying healthy.



53%
prefer lower premiums
over plans with higher premiums

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

Women more likely than men to **stop taking medication to save money**



24% of women



20% of men



Base: All Respondents | Q: Choose the option that best applies to each scenario: In the past 12 months...

Key takeaway

Rising cost pressure is leading employees to make harder, and sometimes riskier, healthcare decisions, even as they invest more in wellness and prevention. This points to the need for **simpler plan design, clearer education and flexible options that reflect different budget preferences**. Employers can play a stronger role in helping employees make cost-conscious choices without compromising care.

Key finding #3

Employees have more money set aside yet feel less financially secure

Employees are setting aside more money for unexpected healthcare expenses, reflecting greater awareness and intent to prepare for potential costs. However, this progress has not led to greater peace of mind. Instead, nearly 40 percent of employees say they feel unprepared to handle out-of-pocket expenses, suggesting that rising costs and ongoing uncertainty are outpacing individual financial gains.

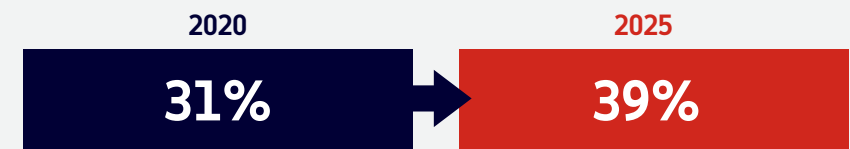
“Higher savings have not translated into greater peace of mind for employees navigating healthcare costs.”

Average savings earmarked for unexpected healthcare costs increased through 2025. While overall savings for most have improved, many are still feeling the pressure. The number of employees who say they have less than \$500 in savings for unexpected medical costs has risen by eight percentage points over the past five years. Additionally, more than one-quarter (**26%**) of employees say they feel less prepared than they did a year ago.

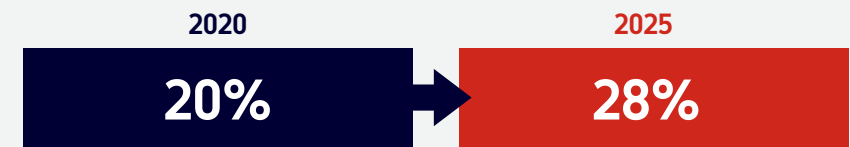
Likewise, the proportion of employees who say they do not feel prepared to handle out-of-pocket expenses has increased over the past five years.



Do not feel prepared to handle out-of-pocket expenses



Have less than \$500 in reserve



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

Of particular concern is the difference between women and men. Overall, women tend to report feeling less prepared and say they have less money to handle unanticipated costs.

At the same time, confidence is softening across multiple dimensions, including the ability to make good medical benefits choices, effectively use available benefits, and feel protected regardless of legislative changes. Together, these shifts suggest that preparedness is shaped as much by perception as by dollars saved.

	Women		Men
Feel prepared for out-of-pocket expenses	16%	vs.	27%
Have less than \$500 in reserve	32%	vs.	21%
Average amount put aside	\$2013	vs.	\$2796

Base: All 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?

\$2,304

average amount employees have set aside for **unexpected healthcare costs**



26% say they feel less prepared for **unexpected healthcare costs**



39% say they are not prepared to pay **out-of-pocket expenses**

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

Key takeaway

Even as employees increase their savings, few feel truly prepared for unexpected healthcare costs. This gap highlights a clear opportunity for employers to **offer better benefits communication, education and guidance**. By helping employees better understand their benefits and how to navigate costs, employers can play a critical role in instilling confidence and reinforcing a sense of financial security.

Key finding #4

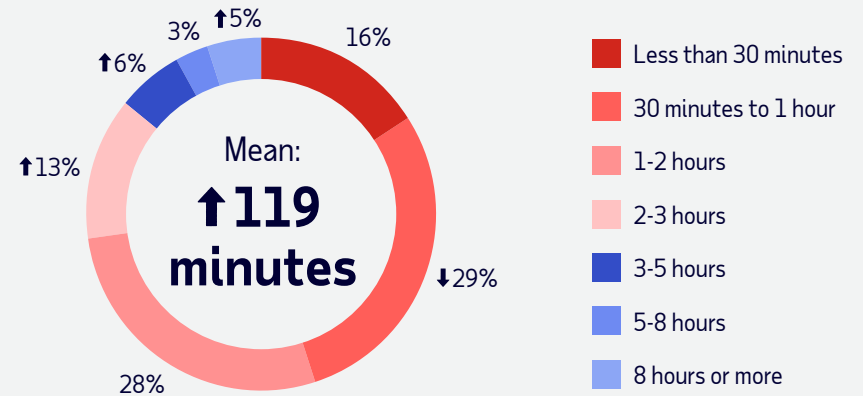
Employees are spending more time evaluating and choosing benefits

Compared to this year, employees in 2024 spent less time reviewing benefits and reported growing confidence, supported by improved digital enrollment experiences. However, by 2025, average review time increased to nearly two hours (119 minutes) and over half **(55%)** reported spending one to three-plus hours. Fewer people are spending less than an hour, while more are spending more than eight hours.

At the same time, a strong majority **(74%)** of employees expressed interest in receiving personalized recommendations, reinforcing that access to information alone is no longer sufficient. Employees want help translating options into decisions by **human representatives**.

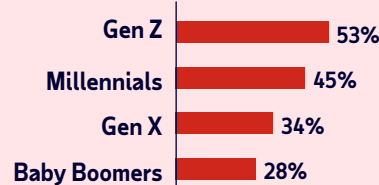
While employees are devoting more time and energy to reviewing their benefits, many remain uncertain about their choices. This widening gap between effort and confidence is driving employees to look beyond traditional employer resources for answers. Increasingly, workers are turning to technology for guidance. A growing share uses the internet **(39%)** and even AI tools **(14%)** to research health insurance plans. Gen Z is more likely to do so than previous generations, perhaps not only because they are digital natives but because they may have less experience navigating and understanding health insurance choices compared to many of their older colleagues.

Time investment in health benefits review

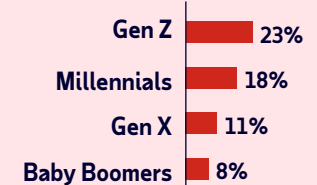


Base: All Respondents | **Q:** How much time did you spend reviewing and educating yourself on available health benefits before choosing your medical plan?

Use **internet** to research different health insurance plans



Use **GenAI** to research different health insurance plans



Base: All Respondents

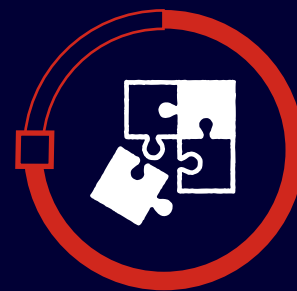
While overall confidence around choosing the best medical benefits has softened, employee knowledge and confidence related to non-medical benefits such as dental, vision, life insurance or disability has improved year over year. Employees continue to report a wide range of needs, including mental health support, reproductive care, chiropractic services and more flexible cost options. These preferences reflect growing expectations for benefits that adapt to individual circumstances and enrollment tools that make those choices easier to navigate. Generational differences will continue to impact how employees choose benefits with digital tools increasing in importance.

Key takeaway

Employees are working harder to make informed benefits decisions but are often not getting the clarity they desire. This highlights the importance of **combining advanced digital tools with personalized, human support**, such as guided enrollment or meetings with a benefits representative, to help employees navigate complexity, build confidence, and choose benefits that align with their needs.



"Benefits complexity is pushing employees to **seek answers beyond traditional employer tools.**"



74%

want personalized recommendations
during benefits enrollment

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

Key finding #5

Retirement anxiety is rising faster than healthcare anxiety

Medical insurance remains the most valued benefit for employees, but concern about long-term financial security is rising quickly. Retirement savings is quickly moving to the center of employee priorities, reflecting growing awareness of longevity risk, economic uncertainty and the need for stability beyond today's healthcare needs. Increasingly, employees see financial wellness and health security as closely linked, viewing retirement readiness as essential to overall wellbeing.

"The growing importance of retirement savings reflects a broader shift toward long-term financial security."

The importance of the 401(k) has been building for several years, but 2025 represented a clear turning point. Retirement savings has now surpassed dental insurance to become the second most valued benefit. This shift signals that employees are placing greater weight on benefits that provide future protection, not just immediate coverage. As retirement concerns intensify, the presence and quality of employer-sponsored savings plans are becoming a stronger indicator of perceived employer support and long-term commitment to employee wellbeing.

**63%**rank a 401(k) as a **top tier benefit**

Men rate the importance of 401(k) retirement savings higher than women

**67%** of men**61%** of women

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

Key takeaway

Retirement readiness is no longer a secondary concern; it is a core expectation. Employers that **prioritize financial wellness through accessible, well-communicated retirement benefits can strengthen trust**, differentiate their total compensation offering, and address a growing source of employee anxiety that extends well beyond healthcare alone.

Final thoughts

Employees are not asking for more benefits, but for better outcomes

Across the findings, one message stands out: employees want clarity and relevance. They want benefits that are easier to understand, aligned with their needs and supported by guidance that helps them make sound decisions.

The 2026 benefits landscape is defined less by a lack of options and more by a lack of certainty. Employees are saving more, researching more and spending more time evaluating their choices, yet many feel unsure about the results. This dynamic places employers at the center of the experience, with a growing responsibility to reduce complexity and support informed decision-making.

As healthcare costs climb and financial pressures extend further into the future, strategies that emphasize guidance, personalization and human support alongside technology will be best positioned to build trust, strengthen engagement and deliver sustained value for both employees and employers.

“Employers now sit at the center of the employee benefits experience, responsible not just for access, but for assurance.”

