



Breaking News: Benefits Providers Are the Good Guys

How employers can use carriers to attract and retain Gen Zers

When it comes to responding to societal challenges, Generation Z expects more from companies providing benefits than it does from other businesses. Carriers that seize the opportunity to build this generation's loyalty over the long term will benefit. The employers they work with will also gain by attracting and retaining talent from this group of young workers.



Forging Strong Ties With Gen Z Will Pay Off

Companies and carriers who want to increase Gen Z employee retention and uptake of employee benefits should guide this generation toward responsible choices in financial planning. At the same time, these organizations should demonstrate a commitment to social responsibility. Doing both will lead to greater financial benefit for employers and carriers.

For large percentages of Gen Z employees, the commitment of benefits and retirement plan providers to addressing social issues weighs on their decision to enroll in their products and services. Surprisingly, Gen Z holds carriers to a higher standard than other industries they regularly interact with.

The higher bar for carriers doesn't have to be a burden — it can be an advantage. By living up to the halo effect, benefits providers can deepen their financial relationship with Gen Z. Employers can benefit by association.

What's driving the desire for societal engagement? This cohort faces its own hurdles to social mobility and is looking for help. Data from this study indicates Gen Z's top three social determinants of health are economic. Losing a job or having a family member lose one ranks in their top five recent life events.

Our research has shown that Gen Z expects employers to do more to help.¹ This study suggests Gen Z also views benefits providers — who appear in proximity to employers — as being able to step up on a larger societal scale.

Despite this generation's challenges — including inflation, student debt and high medical costs — its members persevere. Gen Z keeps working, even under less-than-perfect conditions, driven by a sharpened focus on attaining greater economic stability.

Who is Gen Z?

Gen Z is usually described as being born after 1996.² The great recession, the COVID-19 pandemic and the increasing effects of climate change have shaped this cohort. They are the first generation of digital natives, meaning Gen Z grew up with the internet.

A more diverse group

What adds meaning to this study is the group chosen to participate in it. The Standard[‡] selected a sample that reflects the demographic diversity of this generational cohort, adjusting for race, education and affluence. Employers and benefits providers will need to continue broadening their approach to meet the benefits expectations of this demographically diverse workforce.

¹ [Protector, Provider and Mentor: Gen Z's new expectations for employers](#), The Standard, January 2024

² The Annie E. Casey Foundation. [“What Are the Core Characteristics of Generation Z?”](#) Casey Connects (blog), The Annie E. Casey Foundation, updated Jan. 16, 2024, and originally posted Jan. 12, 2021, <https://www.aecf.org/blog/what-are-the-core-characteristics-of-generation-z>

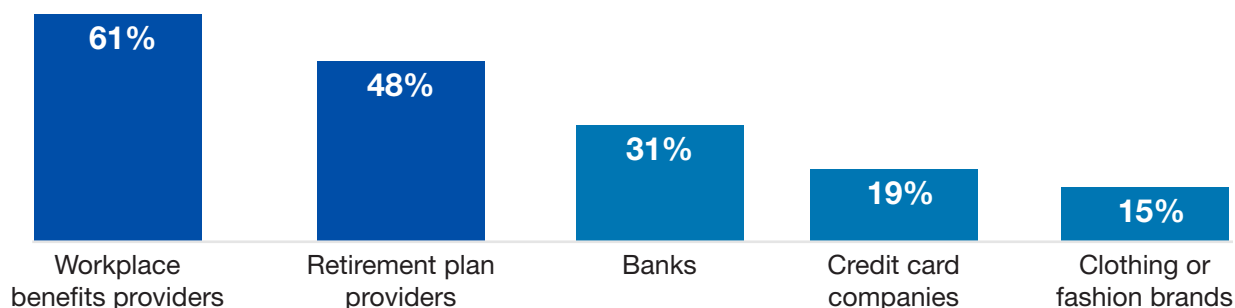
[‡] The Standard is a marketing name for StanCorp Financial Group, Inc. and subsidiaries. Insurance products are offered by Standard Insurance Company of Portland, Oregon, in all states except New York, where insurance products are offered by The Standard Life Insurance Company of New York of White Plains, New York.

Gen Z Holds Benefits Providers to a Higher Standard

Nearly two-thirds of Gen Z members say an employee benefits provider's commitment to addressing social issues is very important in their decision to buy or enroll in their products and services. Close to half said the same thing about retirement plan providers. This number was much lower for banks, credit card companies and clothing brands.

Within this body of research, we also found that Gen Z expects employers to do more to help with their life struggles. They don't appear to draw a distinction between employers and benefits providers. This could be a reason they're assigning responsibility for fixing societal ills to benefits firms.

“Commitment to addressing social issues is very important in my decision to buy or enroll in this type of company's products or services.”



There's More to the Story

Learn more about Gen Z's expectations for employers. Explore [Evolution, Not Revolution: Gen Z's traditional goals point to success through refining — not remaking — employee benefits.](#)

Specific groups within Gen Z hold workplace benefits providers to an even higher standard on social issues.

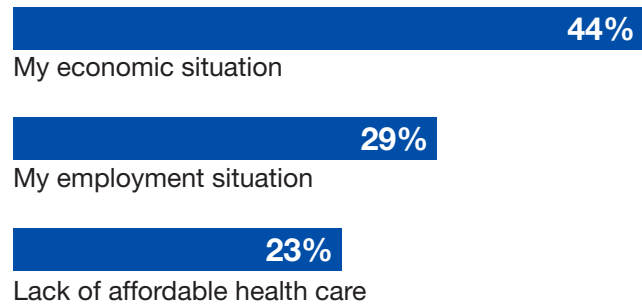
91%

- of Gen Z employees of color (on average) compared with 83% of white Gen Z employees
- of Gen Z workers on diverse teams compared with 82% of those on teams with similar employees

Economic Instability Negatively Affects the Health of Gen Z

When looking at conditions surrounding an individual that may affect their health, it's clear economic instability has hit Gen Z hard. Our research shows the top three socioeconomic factors leading to adverse impacts on their health are economic situation, employment and lack of affordable health care.

Gen Z's Top 3 Social Determinants of Health



“ Potential programs to draw in people similar to me are loan repayment and house payment help. Coming out of college, we are drowning in loans and debt. Programs like this would help and make me more inclined to work for that company.

— Graduate student living in multigenerational household

“ Members of this generation are looking for collaboration and mentoring to help them overcome specific economic pressures. They seek compassion and coaching. Employers who step up as mentors will secure Gen Z's loyalty and help the bottom line.

— Chris Beaulieu, CFA, Vice President and Chief Investment Officer, The Standard

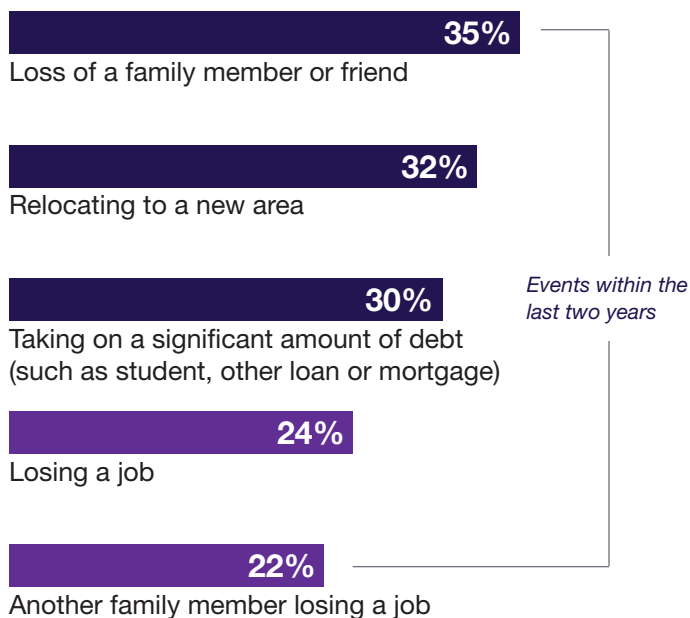


Financial Instability Permeates Their Lives

Economic conditions have led to regular instability in the lives of many members of Gen Z. One example is job loss. Despite the strong labor market of the past few years, this cohort ranks losing a job — or having a family member lose one — in their top five most common life events.

Job Loss Ranks in Gen Z's Top 5 Most Common Life Events

(out of 15)

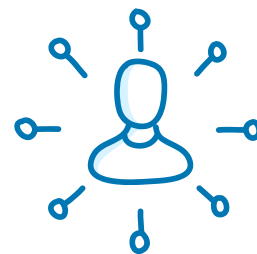


There's More to the Story

One expected cause of this cohort's financial struggles is that its members are only beginning their careers. For data on the impact of starting out, read [Protector, Provider and Mentor: Gen Z's new expectations for employers](#).

“ I would implore the employer to take a look at its team's diversity and inclusion policies with a comparison of current demographics. I would then ask the employer to consider the needs of the individual rather than the collective. The most valuable things are actions employers take during social issues, providing contributions and being vested in the 401(k), as well as offering comprehensive mental health services along with medical insurance for both the employee and their dependents, and fair paternity and maternity leave.

— Full-time employee living with roommates



Searching for a Safety Net

As the first generation of digital natives, Gen Z has more access to devices and media than any other group in history.

Device Ownership Among U.S. Teens

Ninety-five percent of U.S. teens ages 13 – 17 own smartphones, while 90% have a computer and 80% own a gaming device.¹

Young Adults' Time Online

Forty-eight percent of U.S. adults ages 18 – 29 say they go online almost constantly — the next highest group is 32 – 49 at 42%.²



Near-constant exposure to media has likely made younger workers in the U.S. more aware of the strong social safety nets found in other developed nations. Some are demanding that the federal government provide similar support through programs such as paid family and medical leave.

But not all are looking to government, even though the problems they face are the kind government has historically tried to solve. Instead, many in this age group are turning to their companies and benefits providers. As problems like inflation, unaffordable health care and exorbitant college tuition continue, employers and carriers can anticipate that Gen Z's expectations for them will grow.

“Equity is more important than equality. It's treating people based on their needs or struggles and not everyone the same, because some people need more help. Some people have disabilities that cause a lot of expenses. Some people need extra medical help. Some people need help buying their first homes. Some people need help paying back their debts. Give people options.

— Full-time employee living in multigenerational household

¹ [Teens, Social Media and Technology 2022](https://www.pewresearch.org/internet/2022/08/10/teens-social-media-and-technology-2022/), Pew Research Center, Washington, D.C., Aug. 10, 2022, <https://www.pewresearch.org/internet/2022/08/10/teens-social-media-and-technology-2022/>

² [About Three-in-Ten U.S. Adults Say They Are 'Almost Constantly' Online](https://www.pewresearch.org/short-reads/2021/03/26/about-three-in-ten-u-s-adults-say-they-are-almost-constantly-online/), Pew Research Center, March 26, 2021, <https://www.pewresearch.org/short-reads/2021/03/26/about-three-in-ten-u-s-adults-say-they-are-almost-constantly-online/>

Gen Z Perseveres

Members of Gen Z want benefits providers to address our society's economic challenges. But they're still willing to persevere on their own.

One sign of their determination to earn a paycheck? The finding that economic and social factors have a greater impact on their health than on their productivity at work. That points to a willingness to work while not feeling well — and speaks to their drive to achieve financial stability.

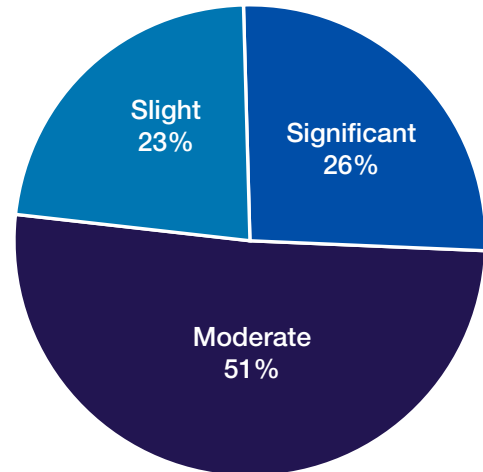
This cohort knows it's better to work — even less effectively — than not work and go without income. Gen Z is making a trade-off on health and income, something seen in earlier generations.

Another aspect of Gen Z's drive is their willingness to move into adult life. Only 30% still live with their parents or grandparents, meaning most are living and working on their own.

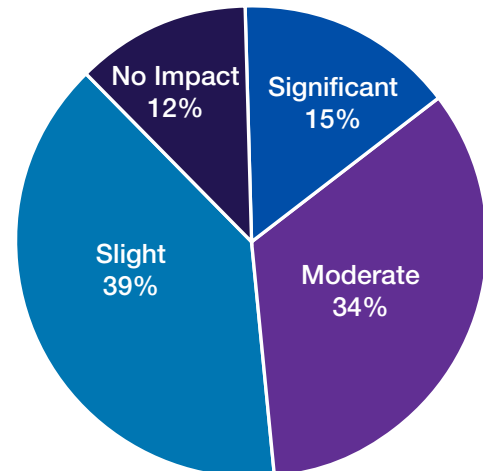
Employers and benefits providers who partner with this generation in their efforts to earn, save and protect their finances will gain their loyalty. This could pay off in less turnover for employers and customers willing to port products no matter where they work.

Negative Impact of Social Determinants on Gen Z Health and Productivity*

On Their Health



On Their Productivity



*Among those citing any negative impacts from social determinants of health

“Employers should always offer insurance and paid leaves. I say that because if you can't take care of yourself then how are you supposed to hold down a job as well?

— Full-time employee living with children

Summary of Findings

- Significant numbers of Gen Z members say a commitment to social issues is very important in deciding to buy or enroll in the products or services of a benefits provider (61%) and a retirement plan provider (48%). Much lower numbers expect this commitment from other types of companies.
- Many in this cohort suffer the impacts of social determinants of health and job instability. They often cite economic situation (44%), employment (29%) and lack of affordable health care (23%) as adversely impacting their health. While past generations looked to government to solve these issues, Gen Z wants employers and benefits providers to help.
- Gen Z is willing to work for economic stability. While 51% say social determinants of health have a moderately negative impact on their health, only 34% say this about their productivity. That means Gen Z keeps working when they don't feel well, signaling they know it's important to earn a paycheck even when health issues make it difficult.

Discover more about Gen Z's attitude toward benefits.

- Evolution, Not Revolution: Gen Z's traditional goals point to success through refining — not remaking — employee benefits
- Protector, Provider and Mentor: Gen Z's new expectations for employers

Why This Data Matters: Strengthening Gen Z's Loyalty

This study highlights pathways toward creating lasting bonds with Gen Z employees:

1. **Look at your carrier's commitment to social issues.** Gen Z's near-constant connection to media makes it hard for them not to think about larger societal problems. Our research suggests they're connecting their own economic instability to these challenges. Carriers who show they're focused on working to improve societal and economic conditions will gain greater brand affinity from this generation. And companies working with these carriers will be better positioned to recruit and keep Gen Z talent.
2. **Embrace this generation's desire to strengthen its financial situation.** Gen Z's hunger for financial literacy and willingness to work in the face of less-than-ideal circumstances signals they'll make a committed partner in the quest for economic stability.

“ Younger people want a secure future and good pay right away. We don't want to job hop to get raises, but if you provide incentives to us, we will stay.

— College student living in multigenerational household



About the Research

On behalf of The Standard, a third-party research firm conducted a 20-minute survey of 1,250 Gen Z full-time workers (or soon-to-be workers). Survey participants were:

- Ages 18 to 26
- Full-time employed, in their final year of college, expecting to be full-time employed post-graduation or in graduate school

The study includes oversamples of Black (n=273) and Hispanic (n=271) Gen Z members weighted to correct proportions in overall data.

The survey was offered in English or Spanish.

Field dates: Aug. 7 to 24, 2023



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