Fidelity Outlines Top Employee Benefit Trends for 2022

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Issues like the "great resignation," employee burnout and changes to what employees value has prompted an increasing number of employers to examine how they can leverage their employee experience to attract and retain workers, increase employee satisfaction and improve overall wellness.

In addition, employers increasingly view the benefits offered with a diversity and inclusion lens to ensure their benefits programs support all employees, including underrepresented groups -- all while maintaining culture in a changing work environment and expanding well-being while managing costs and risks.

Based on conversations with thousands of employers from a variety of industries, Fidelity has identified several top employee benefit trends that we believe employers will increasingly focus on and prioritize in the coming year.

- **More ESG (environment, social and governance) investment options in workplace savings plans.** At end of 2020, nearly one-in-five workplace savings plans on Fidelity's platform offered at least one ESG fund, with significant interest among nonprofit and faith-based organizations. However, a recent rule proposed by the Department of Labor would make it easier for employers to add an ESG investment option to their workplace savings plan. Coupled with recent Fidelity research increasing interest among employees, especially younger workers, we expect ESG funds to become increasingly available as an investment option in workplace savings plans.

- **Addition of retirement income options as a part of a workplace savings plans.** Recent industry research indicates that 78% of workers are interested in putting some of their retirement savings into an investment option that would guarantee* them monthly income when they retire and help ensure they don’t outlive their savings. In addition, the passage of the SECURE Act has reduced the fiduciary risk for employers and made it easier for them to provide annuities as a retirement plan distribution option. As a result, a growing number of employers are considering adding some type of guaranteed income option to their workplace savings plan to help older workers convert their retirement savings into a guaranteed income stream.

- **“Dependent-related benefits” that provide a range of caregiving support, spanning from daycare to elder care.** Employers are recognizing the growing number of workers that serve in a caregiving role and the role that caregiving benefits can play in retaining employees. According to a recent Fidelity study, more than a quarter of caregivers for adults (28%) left a job, took a leave of absence or shifted to part-time work in order to provide care, while 42% of those caring for children indicated they’ll “fall apart” if school or professional childcare doesn’t return to normal soon. To address this growing issue, employers are increasingly focused on

* Annuity guarantees are subject to the claims-paying ability of the issuing insurance company.
providing dependent-related benefits to support employees in a caregiving role, such as paid leave caregiver leave, elder care and parent support groups, childcare support and tools to assist new parents.

- **Helping employees create an emergency savings fund to address financial emergencies.** The financial impact of the pandemic has highlighted the importance of having an emergency fund to help employees avoid tapping their retirement savings to cover unexpected financial emergencies. And a recent Fidelity survey on savings goals demonstrates that workers recognize the benefits of having an emergency fund, as “emergency savings” was the highest reported savings goal -- however, the same survey found that about half of workers have less than three months of expenses saved, below the three to six months that Fidelity recommends. A growing number of employers are exploring adding an emergency fund option that would allow employees to contribute directly from their paycheck, while financial firms are creating tools, such as Fidelity’s Goal Booster, that can help investors with a variety of savings goals, including contributing to an emergency fund.

- **Student debt repayment options.** Employers have been focused on helping their workers manage their student debt for several years - a recent Fidelity study found that 42% companies surveyed provide some type of student assistance. However, millions of borrowers are expected to have to start repaying their loans again in 2022, many for the first time in nearly two years. As a result, we expect to see an increasing number of employers exploring ways to help their workers address their student loan debt.

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Fidelity’s mission is to inspire better futures and deliver better outcomes for the customers and businesses we serve. With assets under administration of $11.7 trillion, including discretionary assets of $4.4 trillion as of December 31, 2021, we focus on meeting the unique needs of a diverse set of customers: helping more than 40 million people invest their own life savings, 22,000 businesses manage employee benefit programs, as well as providing more than 13,500 financial advisory firms with investment and technology solutions to invest their own clients’ money. Privately held for 75 years, Fidelity employs more than 57,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit https://www.fidelity.com/about.

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900 Salem Street, Smithfield, RI 02917

Fidelity Distributors Company LLC,
500 Salem Street, Smithfield, RI 02917

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1 Internal Fidelity data as of 12/31/2020.
2 Based on 744 responses as part of the Employee Benefits Research Institute’s 2021 Retirement Confidence Survey.
3 Fidelity Investments 2021 American Caregivers Study was based on findings from a nationwide survey of 1,008 U.S. adults ages 18+ who are current or past (within the last five years) caregivers to children or adults. The survey was fielded in April 2021 by Versta Research, an independent research firm not affiliated with Fidelity Investments. Caregivers to adults provided at least five hours of care per week. Caregivers to children must have left the workforce to do so or reduced to part time hours. The results of this survey may not be representative of all adults meeting the same criteria for those surveyed for this study.
4 Fidelity Investments October 2021 American Caregivers Study presents findings from a nationwide survey of 716 U.S. adults ages 18+ who are current caregivers to children or adults or are considering becoming a caregiver. Caregivers to children must have left the workforce or reduced their work hours. Interviewing for this CARAVAN® Survey was conducted September 27-October 1, 2021 by Engine Insights, which is not affiliated with Fidelity Investments. The results of this survey may not be representative of all adults meeting the same criteria as those surveyed for this study.