



Protector, Provider and Mentor

Gen Z's new expectations for employers

Generation Z wants employers to step into roles historically filled by government, banks and families. This expectation creates an opening for both employers and benefits providers to step into spaces they may not have occupied before. Companies who succeed with Gen Z workers will be those who partner with carriers on the best ways to meet the needs of this age group.



Looking for Financial Well-Being

Most Gen Z members don't view themselves as financially strong. They've been hit hard by inflation and the high cost of health care. At the same time, they're worried about saving for their long-term future and paying for more immediate needs.

These concerns aren't markedly distinct from those faced by previous generations. What's different is who Gen Z thinks can address them. Gen Z is looking for employers to:

- 1. Improve their lives financially:** Gen Z expects traditional benefits like health care and retirement plans. But they also want employers to help with things like student loan repayment and home buying.
- 2. Help them improve their financial literacy:** This includes financial education and counseling, as well as coaching, to better manage their money.

Gen Z's focus seems less on climbing a career ladder and more on achieving personal economic stability. Other generations also wanted employers to offer stability through benefits like automatic cost-of-living raises. But these earlier groups would have looked to banks and credit unions for emergency loans, mortgages and help saving for a rainy day. Gen Z sees personal finance as an area where employers and benefits providers can assist.

This generation's desire for a greater level of employer involvement in their financial lives points to opportunities for employers and HR to change benefits programs. It also leaves an opening for providers to refine what they offer and how they sell it.

Who is Gen Z?

Gen Z is usually described as being born after 1996.* 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.

* The Annie E. Casey Foundation, "[What Are the Core Characteristics of Generation Z?](https://www.aecf.org/blog/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.

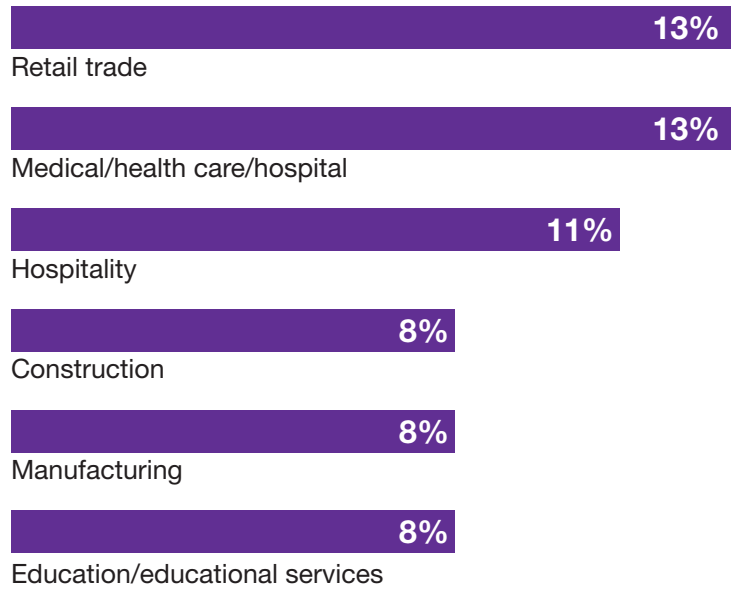
Starting Out Isn't Easy

Our research shows Gen Z feels financially vulnerable.

- Less than one-third (29%) of this generation say they are in good or excellent financial condition.
- More than one-fourth (27%) report being in poor or terrible financial shape.

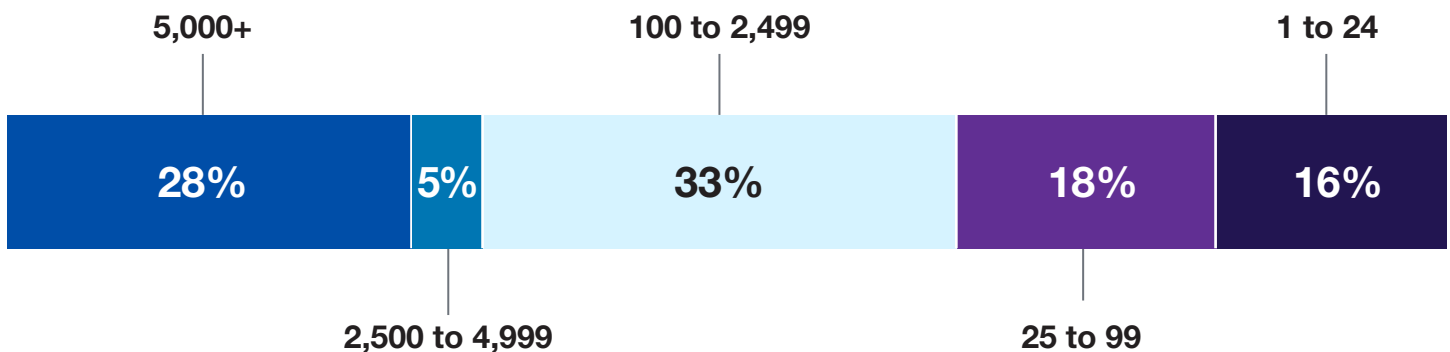
An expected cause of this cohort's financial struggles is that its members are at the starting line of their careers. Many are in service jobs for smaller organizations. While able to provide valuable experience, these employers may not have the resources to offer higher pay and benefits.

Top Gen Z Industries



Gen Z Employer Size

(by number of employees)



“Employers will want to spend some time thinking about Gen Z's financial context. If this generation of workers is living with more stress and more distraction, what does that mean for creating a successful online benefits experience?”

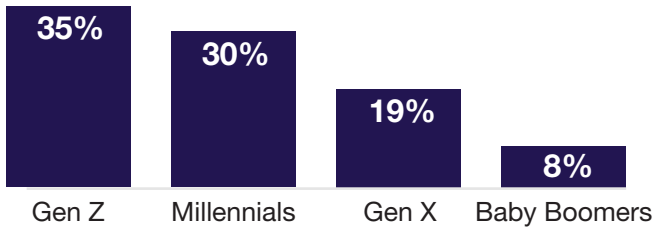
— Cale Benner, Senior Director Total Experience, The Standard



Stressed at Work

Not surprisingly, this young group of workers is more distracted at work due to financial stress than other generations.

“I often feel distracted at work due to personal financial worries.”



Source: [LIMRA Research Indicates Younger Workers Could Greatly Benefit From Workplace Wellness Programs](#), LIMRA, Dec. 13, 2022

“ Please recognize that not everyone can afford to live comfortably anymore. Please just help us financially.



— Full-time employee living in a multigenerational household

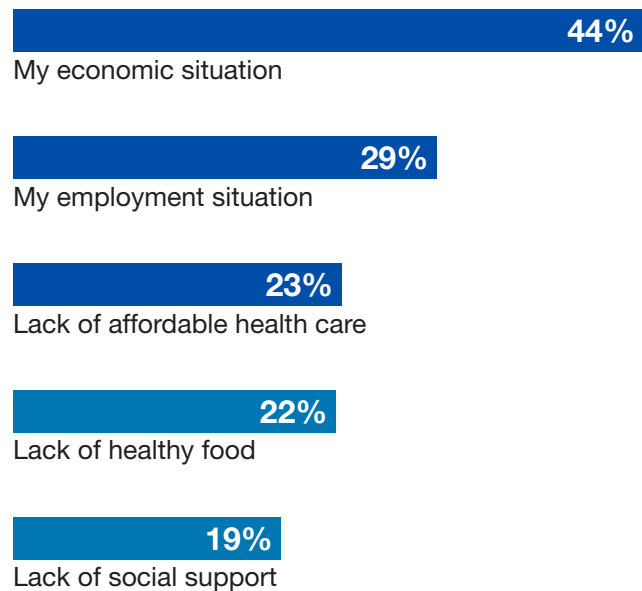


Gen Z’s Top 3 Social Determinants of Health Are Economic

Starting out in their careers isn’t the only thing creating financial stress for this generation. They also contend with social determinants of health. These are factors in the environments where people are born, grow, work, live and age that influence risks to their health, functioning and quality of life.*

While these conditions can include education, neighborhood and discrimination, Gen Z’s top three social determinants of health are mainly economic.

Gen Z’s Top 5 Social Determinants of Health



* [Social Determinants of Health at CDC](#), Centers for Disease Control and Prevention, Dec. 8, 2022

Worries About Saving and Inflation Keep Gen Z Up at Night

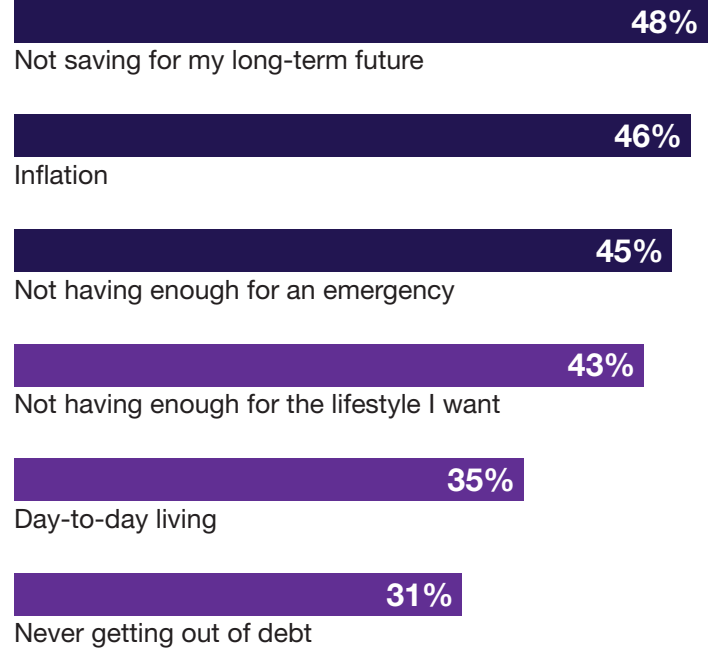
This group dwells most on saving enough for the long term. But Gen Z's top three financial stressors are spread pretty evenly between future, mid-term and immediate issues.

“ You may think you pay employees well. But keep in mind most people are living paycheck to paycheck, and any sort of benefits helps.

— Full-time employee living with spouse/partner



Gen Z's Financial Concerns Span the Short and Long Term



There's More to the Story

You can learn more about how economic factors in the U.S. drive Gen Z's desire for employers and benefits providers to play a larger role on their path to economic security. Explore [Breaking News: Benefits Providers Are the Good Guys – How employers can use carriers to attract and retain Gen Zers.](#)

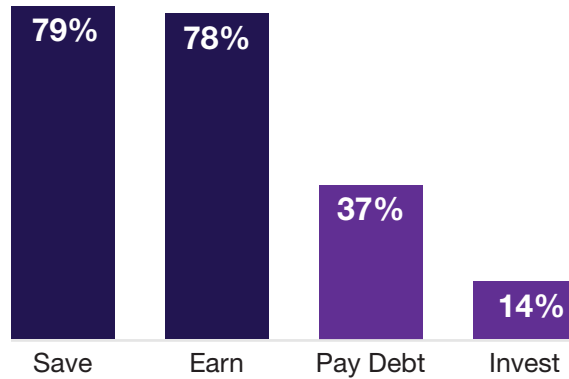


Supporting Gen Z Means Treading Old and New Ground

Our research shows that Gen Z's financial goals are similar to other generations. Not surprisingly, they're focused on saving and earning.



Gen Z's Financial Goals

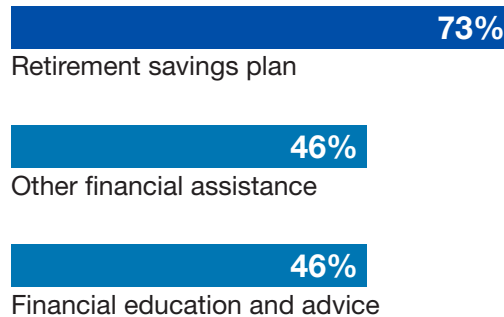


Gen Z Values the Support They Now Have From Employers and Wants More Traditional – and Innovative Support

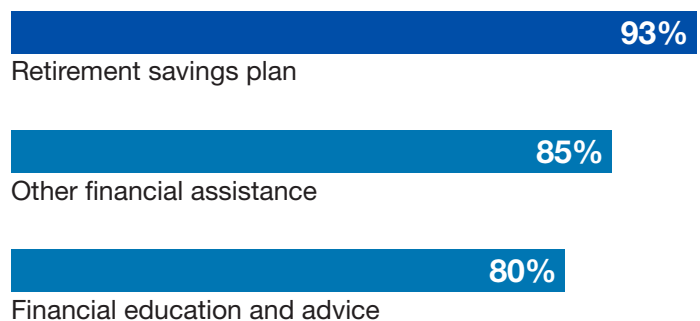
Significant portions of Gen Z say they have at least some support for retirement planning. But even larger numbers say they value this support from employers. That suggests Gen Z wants employers to increase the financial wellness benefits they currently offer.

When it comes to other financial assistance and education, the difference between what this generation has and what it wants is significant.

Support Gen Z Has



Support Gen Z Values

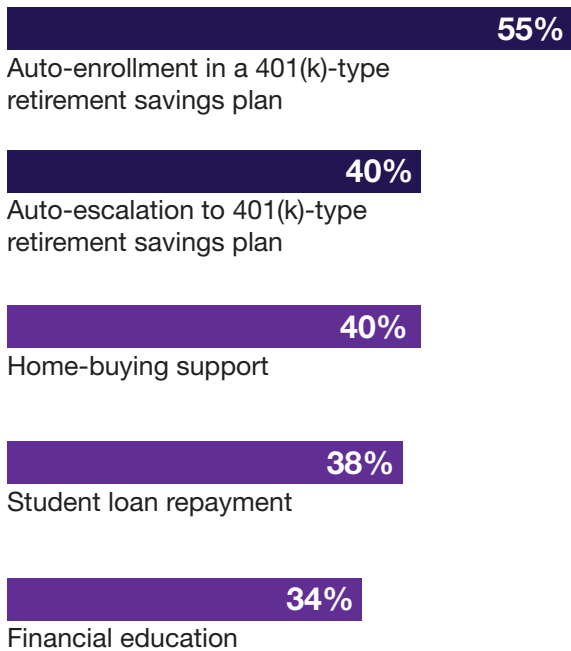


Help With Retirement Planning and Beyond

Examining this generation’s most valued employer-supplied financial help, we see an interest in old and new offerings. Some programs, like retirement plans, have been around a while. Others are newer arrivals to the benefits landscape.



Gen Z’s Desired Financial Support Spans Old and New Benefits



The Influence of Gen X on Gen Z

Gen Z’s desire for retirement plan auto-enrollment, auto-increases and financial education may stem from many growing up with Generation X parents. Gen Xers were the first generation to begin working after the shift from pensions to 401(k) plans. Rather than pensions — where employers made the decisions — they had a program that made them responsible for choices about saving and investing. Unfortunately, many weren’t set up to succeed with this new savings vehicle.

The move away from pensions also came with a financial cost to Gen X. With no salary bump, those starting out with a 401(k) were asked to save 15% pretax. This wasn’t required with a pension. Decades later, the median household retirement savings balance for the typical Gen X household is only \$40,000.* Gen X’s lack of readiness to retire has likely made members of Gen Z realize they need more help to do so comfortably.

“ Offer an extensive package, including 401(k) plans with automatic increases.

— Full-time employee living in a multigenerational household

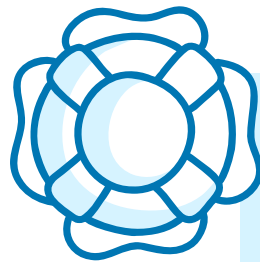


* [The Forgotten Generation: Generation X Approaches Retirement](#), National Institute on Retirement Security, July 2023

Gen Z Wants Benefits That Address the Impact of Emergencies on Their Finances

Higher housing and education costs have made owning a home and repaying college debt a greater challenge for Gen Z. Add inflation and rising health care expenses to that equation, and it's no surprise that many members of this generation struggle to save for emergencies.

While individuals used to turn to banks and credit unions to save for a rainy day, Gen Z wants employers to help them prepare for the unexpected. When asked the value of 25 specific benefits programs, Gen Z ranks emergency savings accounts as their fifth most valued benefit.



73%

of Gen Z members say emergency savings accounts are “very or extremely valuable.”

29%

specify emergency loans from employers as help they would value.

The fact that so many more Gen Zers want a savings account than want loans speaks to their commitment to planning ahead. They aren't looking for employers to do everything, but to partner on solutions that will help them be ready for unforeseen expenses.

There's More to the Story

Learn more about what Gen Z wants from employee benefits and what that means for HR leaders. Explore [Evolution, Not Revolution: Gen Z's traditional goals point to success through refining — not remaking — employee benefits.](#)

“ Provide some type of option for emergency loans, early paycheck, etc. Because you never know what people have going on in life and sometimes the financial part can get stressful.

— Full-time employee living with spouse and children in multigenerational home

“ Providing a way to put some of my check into a savings account would be tremendously helpful ... I give this advice because I've seen it help people in their lives and I'm looking for an environment like that.

— Full-time employee living with spouse/partner and roommates



Employer as Mentor in Gen Z's Financial Education

Another aspect of the partnership Gen Z is looking for is financial education.

Most of the educational support Gen Z wants from employers relates to retirement and investing. Since employers often sponsor their retirement plans, it makes sense that Gen Z would look to them for instruction on saving for their post-employment lives.

Again, Gen X's experience with 401(k) plans has also likely alerted Gen Z to the need for help in making decisions about how much to save and how they should invest. When we look at the kind of educational support Gen Z wants, we see it ranges from general financial education to more personalized help.

“Employers need to understand the everyday worker is really struggling with finances, inflation and rising housing costs. I think the best way for an employer to set up employees for success is to give them financial help and financial literacy.”

— Full-time employee and graduate student living with roommates

Types of Financial Instruction and Guidance Valued by Gen Z

34%
Financial education

30%
Professional management of fund allocations in a 401(k)-type retirement savings plan

27%
Personalized financial advice or counseling



Gen Z Needs Education on Protecting Income – But Doesn't Know It

When asked to rank benefits in order of priority, Gen Z puts paid family and medical leave at No. 2, while saying they have much less need for disability benefits.

Priority Scores for Paid Leave and Disability Benefits

- **No. 2:** PFML
- **No. 15:** Long term disability
- **No. 20:** Short term disability



“The most important benefits to me would be health insurance, working from home, paid family leave and retirement savings.

— College student living alone

“Their focus on PFML shows Gen Zers understand the importance of keeping their paycheck working while taking care of somebody else. But Gen Zers shouldn't lose sight of what can happen if they are directly impacted by an unexpected illness or injury and unable to work and support their loved ones. Whether that income protection comes from individual or employer-provided disability insurance, the time is ripe for them to consider what it will take to cover the cost of their lifestyle now, as well as their future goals.

— Jeremy Horner, Vice President, Individual Disability Insurance, The Standard



Ranking PFML as No. 2 in order of priority points to several possible drivers:

- Recent media coverage on PFML has increased Gen Z's awareness of the need for paid leave, but left them unaware of all the forms it can take.
- As a young cohort, Gen Z's members are likely to have fewer health issues. This would naturally make them worry about other people getting sick, rather than themselves.
- Fifty percent or more of this generation live in multigenerational households and are people of color. Unlike less diverse study samples of the past, this may be a reason their focus tends more toward older family members' needs.

It's encouraging that this cohort sees the importance of protecting their income in the event they can't work. But for a group with deep concerns about long-term financial security, it's notable they aren't thinking about the near-term economic vulnerability their own serious illness or injury could bring.

This finding points to an opportunity for benefits providers and employers to educate Gen Z workers on the need for more than one type of paid leave benefit.

Summary of Findings

- Gen Z wants employers to be a mentor in their quest for financial stability, but in roles that banks and credit unions filled in the past. Eighty percent value financial education and advice but only 46% report having it.
- This generation is looking to employers to help them save for the near term and future, with 79% ranking saving as their top financial goal. Most value emergency savings accounts (73%), and many want support for long-term saving through financial education (34%), professional management of 401(k)-type fund allocations (30%) and personalized financial advice/counseling (27%).
- Gen Z has knowledge gaps about the near-term economic risk of becoming disabled due to a serious illness or injury. Prioritizing PFML as their No. 2 benefit shows they have some understanding of the need for paycheck protection. But ranking long and short term disability insurance much lower, at 15 and 20 respectively, indicates they don't grasp the importance of other coverage as a way to protect their income.

Why This Data Matters: Bridging the Financial Coaching Gap With Gen Z

These findings point to multiple avenues to help this generation reach its financial goals:

- 1. Target financial pain points not being addressed by the usual institutions.**
Besides offering traditional savings vehicles like a 401(k), employers should consider innovating with the newer benefits Gen Z wants. That includes programs like paid family leave, emergency savings accounts and financial literacy classes.
- 2. Focus on employee resource groups.**
Employers concerned about the cost of implementing new programs and benefits can leverage employee resource groups focused on issues like personal finance. These groups are a lower-cost way to help Gen Zers build their financial acumen.
- 3. Educate Gen Z on disability insurance.**
The research highlights an opportunity for employers to show how disability coverage can help allay this cohort's worries about protecting their finances from unforeseen events.

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](#)
- [Breaking News: Benefits Providers Are the Good Guys – How employers can use carriers to attract and retain Gen Zers](#)

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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