



# Evolution, Not Revolution

Gen Z's traditional goals point to success through refining — not remaking — employee benefits.

Providing benefits to Generation Z employees doesn't require a drastic change in thinking, but rather, fine-tuning benefits to support a group with aspirations not always ascribed to people in their age group. While it may be convenient to approach benefits for all younger workers the same way, HR leaders will have more success if they meet members of Gen Z where they live.



# Not so Different From Their Parents

The prevailing wisdom has been that Generation Z will change everything about employee benefits. But our research supports a different conclusion.

Instead of prioritizing less traditional benefits like pet insurance and fertility benefits, members of this cohort place a high value on the basics — medical insurance and retirement savings plans.

Practical and focused on preparing for the future, Gen Z most desires benefits that help them meet the traditional financial goals of protecting their finances and saving for the future. That said, the magnitude of economic difficulties they face is greater in several instances.

Since 2021, Gen Z has been living with rates of inflation not seen in the U.S. in decades.<sup>1</sup> Contending with rising costs for health care, housing and education has increased the financial pressure faced by this age group as they begin their working lives.

“ I want benefits like health insurance. Even if you pay me less to afford it, it means that I don’t see it coming out of my paycheck. I would rather not have to worry about the stresses of insurance or a 401(k) and be paid a little less.

— Full-time employee and college student living with roommates



## Who is Gen Z?

Gen Z is usually described as being born after 1996.<sup>2</sup> 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<sup>‡</sup> 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.

<sup>1</sup> [U.S. Inflation Rate by Year: 1929–2023](#). Investopedia, May 17, 2023

<sup>2</sup> 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. 1, 2021, <https://www.aecf.org/blog/what-are-the-core-characteristics-of-generation-z>

<sup>‡</sup> 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 Is Practical and Planful

What Gen Z wants in benefits isn't radically different from what other generations want. Their No. 1 benefit is health insurance, which is the answer given by all other cohorts.<sup>1</sup>

## Gen Z's Top 5 Benefits

Gen Z sees these benefits as extremely or very valuable to them.

1. Health/medical insurance
2. Paid family and medical leave
3. Retirement savings plan
4. Life insurance
5. Emergency savings account/mental health days (tied for fifth place)

## There's More to the Story

To learn more about Gen Z's interest in two less traditional benefits — PFML and emergency savings accounts — please see [Protector, Provider and Mentor: Gen Z's new expectations for employers.](#)

“It's easy to fall into the trap of seeing the two youngest workforce generations as being very similar just because of age. Finding out who they really are and how benefits can help them reach their goals will be an important piece in attracting and keeping workers of both generations as the U.S. labor pool shrinks due to our aging population.

— Erin Gorsline, Assistant Vice President of Human Resources, *The Standard*



**66%** say health insurance is extremely valuable.

**58%** say the same thing about retirement savings plans.

In contrast, a 2011 study on millennials, who were entering the workforce at that time, showed that group's top-ranked benefits from employers as personal learning and development, flexible working hours and cash bonuses.<sup>2</sup>

It's clear members of Gen Z have their own priorities as they move into the workforce. Rather than seeing Gen Z and millennials simply as younger workers, effective HR leaders will assess each group's needs separately to best provide what each cohort wants in a benefits package.

<sup>1</sup> [Harnessing Growth and Seizing Opportunity: 2023 Workforce Benefits Study](#), LIMRA and EY, August 2023

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# Gen Z Thinks a Lot About Saving

Gen Z is focused on saving, and not just for things they want in the near term. Retirement is already on their minds.

## Biggest Financial Worry

**48% say it's not saving** for their long-term future.

## Top Financial Goal

**79% say it's saving** — but earning was a close second at 78%.

## Top 4 Reasons They're Saving

1. Unexpected expenses or emergencies
2. Essential expenses (health care, housing, food, clothing, transportation, education)
3. Buying a home or other large purchase
4. Retirement

## There's More to the Story

Gen Z's focus on saving for both the near term and future is driven in part by socioeconomic conditions and provides an opening for employers and benefits providers. To learn more about this aspect of Gen Z's attitude toward benefits, check out [Breaking News: Benefits Providers Are the Good Guys – How employers can use carriers to attract and retain Gen Zers.](#)



“ The 401(k) is one of the most important things to offer employees, especially for the long term!

— Full-time employee with children

“ As a woman, I believe that health and family benefits are a must. ... As life goes on, the benefits you need the most can change, but I believe in general, companies should ALWAYS offer us a health plan and a 401(k) to have money saved for the future.

— Full-time employee living with children

# Summary of Findings

## Gen Z:

- Is focused on near-term preparedness, with two out of three saying employer-provided health insurance is extremely valuable
- Thinks a lot about long-term planning, with a large majority listing their top financial goal as saving, and nearly half saying they're most worried about not saving for their retirement
- Understands the importance of saving for a rainy day — unforeseen costs or emergencies is the No. 1 reason they're saving

“ Give a livable wage, considering the rate of inflation today. Many people like myself are making above the minimum wage and are still struggling to live day to day. Adding in benefits like life insurance and 401(k) should be automatic.

— Full-time employee in college living with roommates

## Discover more about Gen Z's attitude toward benefits:

- [Protector, Provider and Mentor: Gen Z's new expectations for employers](#)
- [Breaking News: Benefits Providers Are the Good Guys – How employers can use carriers to attract and retain Gen Zers](#)

## Why This Data Matters:

### Attracting and Retaining Gen Z Talent

This research suggests a three-pronged benefits strategy.

- 1. Focus on traditional benefits:** Post-millennials value traditional benefits, including health insurance and employer-sponsored retirement plans. This means employers can bypass many costly new changes to benefits and emphasize core offerings.
- 2. Avoid lumping generations together:** Gen Z workers have different priorities than millennials when that group joined the workforce. Neglecting to account for this can lead to missteps in benefits strategies.
- 3. Highlight retirement plans and consider those that reward tenure with the company:** Gen Z's strong interest in saving for retirement opens avenues for innovation that might help an organization attract and retain talent from this age group. One example? Employers could offer a “stepped” retirement plan. This would allow increased employer contributions to an employee's retirement account based on tenure with the company.

“ I think it would be a good idea to offer at least one or two benefits like health insurance or matching 401(k) payments to make your employees feel more cared for and valued.

— Full-time employee living with spouse/partner



# 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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Evolution, Not Revolution: Gen Z's traditional goals point to success through refining — not remaking — employee benefits ER (1/24) SI/SNY