



FIDELITY RESEARCH

Fidelity Outlines Top Employee Benefit Trends for 2021

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Overview

While the changes of 2020 introduced a variety of creative new workplace benefits to help workers stay connected and productive, benefit managers and HR executives are constantly searching for ways to improve and evolve their organizations' benefits to meet the changing needs of the workforce.

Based on conversations with thousands of employers from a variety of industries, Fidelity has shared some of the top employee benefit trends it sees for 2021. In addition to some specific benefits outlined below, we found that employers are increasingly viewing benefits in terms of diversity and inclusion, and how benefits will serve all members of their workforce, as well as how each benefit can contribute to their employee's overall total well-being.

- **Workplace giving and volunteer programs to help employees support their community and the causes important to them.** Many of the events of 2020, including the pandemic, natural disasters, and social justice issues, have prompted an increasing number of employers to consider adding a workplace giving program to their benefits platform. In addition, many workers are expecting their employers to offer some type of giving program – a recent Fidelity survey¹ showed 66% of employees felt it was important for their employer to support charitable causes. These programs help employees donate their time and financial support to the communities in which they operate, as well as to charities and causes that are most important to them.
- **Increased help with student debt for women, employees of color.** More than \$1.5T in student debt² still hinders millions of employees' ability to save for retirement and other financial goals, and women and people of color are increasingly impacted³ by student debt. While the most recent stimulus package does still include a tax benefit to employees with the extension of employer-paid student debt, employers continue to focus on expanding tools and support to help these employees manage their debt. These include employer contribution programs that make after-tax contributions on their employees' outstanding student loans and help employees to pay off their debt faster – which in turn allows them to focus on other savings priorities, including retirement.
- **Resources to help employees create an emergency savings fund.** 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 financial emergencies. In fact, recent Fidelity research⁴ indicates 8-in-10 Americans plan to focus on emergency savings in 2021. A growing number of employers are providing information and resources to help employees understand how to create an emergency fund, as well as exploring adding an emergency fund option that would allow employees to contribute directly from their paycheck.

- **More self-directed brokerage windows in 401(k) and 403(b) plans.** As more workers express interest in specific investments for their retirement savings, a growing number of employers are adding a self-directed brokerage window to their workplace savings plan. A brokerage window allows employees to select the investment option that best meets their needs, even if it's not part of their plan's official fund line-up – such as a fund that invests in a specific company or sector. More than 1 in 5 workplace savings plans serviced by Fidelity offer a brokerage window, which is 3x the number of plans with this feature in 2010.⁵
- **Broader support for employee total well-being with an increased focus on employee caregiving roles.** Employers are recognizing the growing number of workers that also serve in a caregiving role, especially female employees, and the additional stress that can create. A recent Fidelity survey⁶ found that 39% of women are considering leaving their jobs due to increased caregiving responsibilities. To address this growing issue, employers are increasingly focused on providing benefits to support for caregivers, such as paid leave caregiver leave, elder care and parent support groups, childcare support and tools to assist new parents.
- **Emotional/mental health support for employees in a “virtual” work environment.** A recent survey found that 7 in 10 employees indicated the pandemic has been the most stressful time of their entire career, which is due in part to the large percentage of workers who have had to work from home. While a percentage of the country's workforce may return to the office in the coming year, many employers will be focused on providing benefits for their remote workforce, including emotional and mental health support, additional telehealth and telemedicine benefits, and stress management, as well as a shift away from “in-person” benefits such as subsidized meals and free parking.

About Fidelity Investments

Fidelity's mission is to inspire better futures and deliver better outcomes for the customers and businesses we serve. With assets under administration of \$9.5 trillion, including discretionary assets of \$3.7 trillion as of November 30, 2020, we focus on meeting the unique needs of a diverse set of customers: helping more than 30 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 more than 70 years, Fidelity employs more than 47,000 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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¹ Survey conducted by Fidelity Investments between September 3 – 10, 2020. Results based on responses from 1,168 Fidelity Workplace Investing participants.

² As of September 13, 2020, Board of Governors of the Federal Reserve System (US), Student Loans Owned and Securitized, Outstanding [SLOAS], retrieved from FRED, Federal Reserve Bank of St. Louis:
<https://fred.stlouisfed.org/series/SLOAS>

³ Based on Fidelity Investments survey of 4,615 U.S. workers with access to a 401(k) or 403(b) fielded August 19 to September 23, 2020.

⁴ Fidelity Investments' "12th Annual New Year Financial Resolutions Study," conducted October 14-21, 2020 by Engine Insights, which is not affiliated with Fidelity Investments.

⁵ Fidelity internal information, as of September 30, 2020.

⁶ Based on results of a nationwide survey of 1,902 U.S. adults ages 18+ who identify as a caregiver and were employed as of January 1, 2020. This survey was fielded August 25 – September 4, 2020 by Engine Insights, an independent research firm 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.