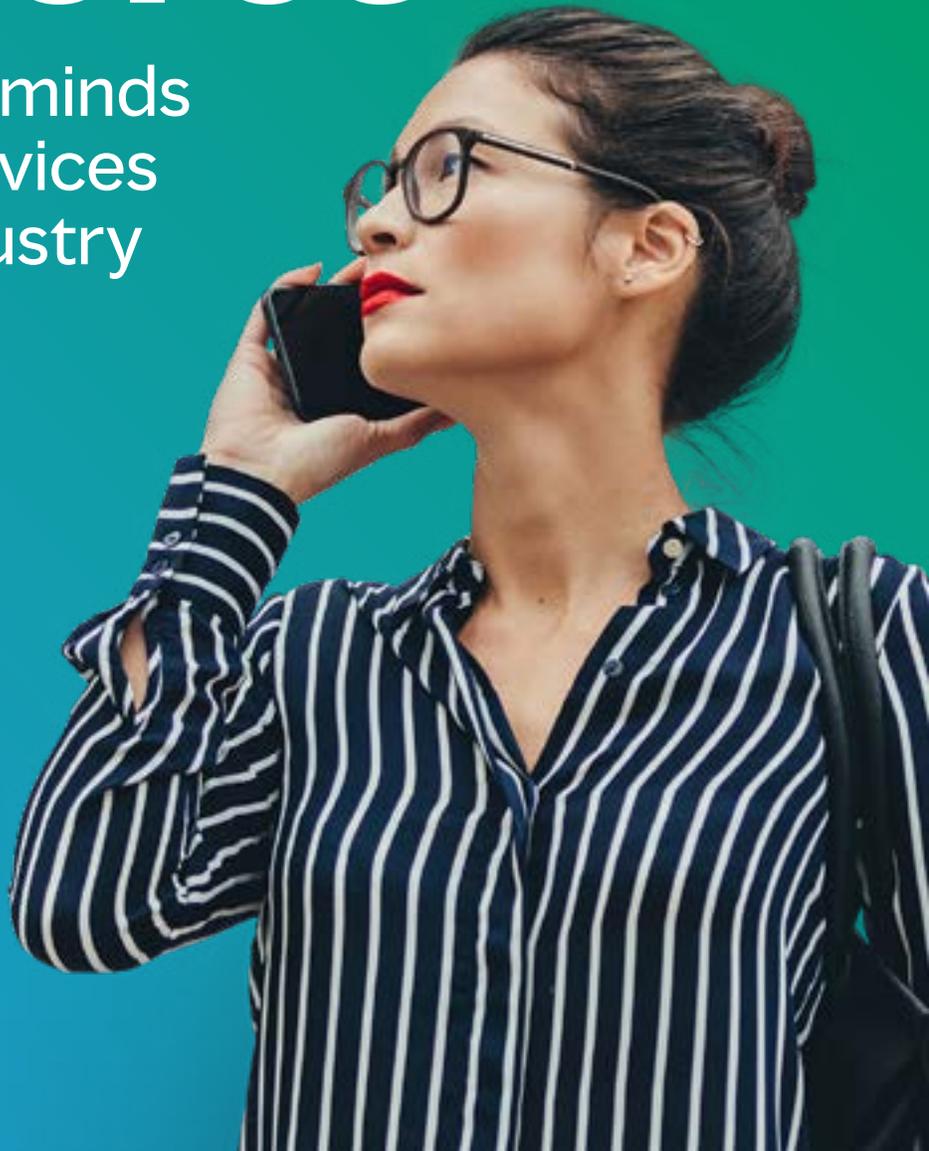


A divided workforce

Inside employees' minds
in the financial services
and insurance industry



welcome to brighter



Industry trends

Overall, things are looking bright for employees in the financial services and insurance industry. Financial services employees are satisfied with their work experience, including their average workday, flexible working policies, and compensation. However, employee engagement scores have dropped slightly since 2021.

Employee engagement by year

■ 2022

■ 2021

"I can maintain a reasonable balance between my personal life and work life"



"Within my team I feel a sense of belonging"



"I believe I am compensated fairly for what I do"



"The benefits at my organization are as good as or better than those offered elsewhere"



"I feel that my career goals can be met at my company"



"At the present time, I'm not seriously considering leaving the company"



60%

of employees say their average workday has improved as compared to pre-pandemic levels

77%

of employees are satisfied with their company's return to office and flexible working arrangements

8 in 10

employees feel a sense of belonging to their team

8 in 10

employees say they can maintain a reasonable balance between work and personal life

7 in 10

employees say they are satisfied with their compensation, benefits, and career goals

But there are still significant opportunities when the data is segmented by gender. While 3 in 10 employees on average are considering leaving their employer, twice as many women are considering leaving (4 in 10) than men (2 in 10).

Employee engagement by gender

"Within my team I feel a sense of belonging"



"I can maintain a reasonable balance between my personal life and work life"



"I believe I am compensated fairly for what I do"



"The benefits at my organization are as good as or better than those offered elsewhere"



"At the present time, I'm not seriously considering leaving the company"



■ Women ■ Gap to men

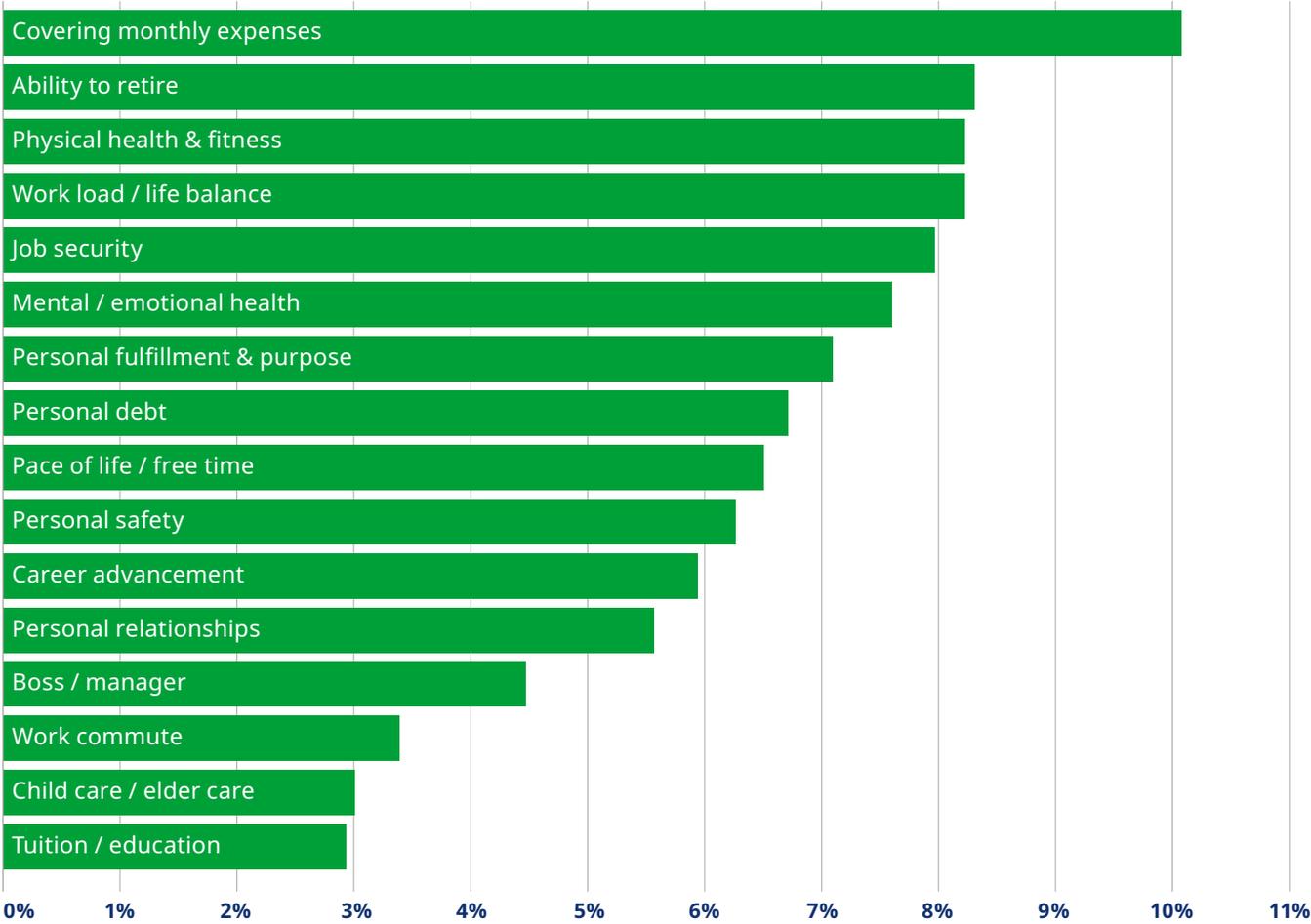
Much of the lack of satisfaction has to do with concerns about financial security. Despite being a relatively high-income earning workforce (over half of the workforce reported earning more than \$100k per year), finance employees' top two concerns relate to financial security. Covering monthly expenses and retirement scores jumped significantly in the ranking of unmet needs since last year, and these concerns are likely to grow as inflation continues to outpace salary increases and fears of a recession loom large.

Inflation has impacted all facets of business and life, for both financial organizations and their employees. 75% of financial services employees across all income brackets say that high inflation and market volatility in 2022 has significantly increased their financial stress, and only 61% say they are confident they can make their retirement income last the rest of their lives.

These financial concerns were most pronounced amongst women, who were twice as concerned about covering monthly expenses than men. This is, in part, driven by men being in higher-earning roles throughout the industry. While there is roughly a 50/50 split between men and women, men were twice as likely than women to be earning \$100k or more per year.



Financial services employees' top concerns



38%

of employees employees ages 25-34 feel that inflation will only impact their financial stress for less than one year

57%

of employees have decreased spending to counteract the impact of inflation, though women and employees under 24 and over 45 reduced spending at a higher rate than their peers

46%

of employees ages 25-34 are reducing their savings, more than any other age demographic

48%

of employees ages 35-44 are tapping into their savings to supplement spending needs, more than any other age demographic

43%

of employees ages 35-44 have asked their employer for a raise, more than any other age demographic



Top 5 concerns for women

-  **Covering monthly expenses**
-  **Ability to retire**
-  **Work load / life balance**
-  **Mental / emotional health**
-  **Job security**

Top 5 concerns for men

-  **Physical health & fitness**
-  **Personal fulfillment & purpose**
-  **Work load / life balance**
-  **Job security**
-  **Ability to retire**

To help ensure their long-term financial well-being, financial services employees are looking for more support from employers. Employers can apply different features to their defined contribution plan, such as increasing matching contributions to 401(k)s, student debt payments, and health savings accounts, as well as allowing penalty-free distributions for emergency expenses or in the case of terminal illnesses.



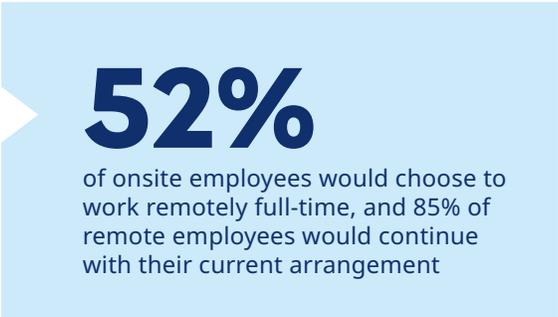
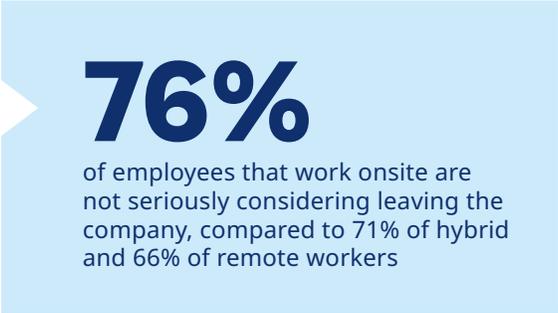
Workforce trends

Flexibility continues to be the most important talent attraction and retention strategy and is a driving factor in formatting existing employees' perceptions of the organization.

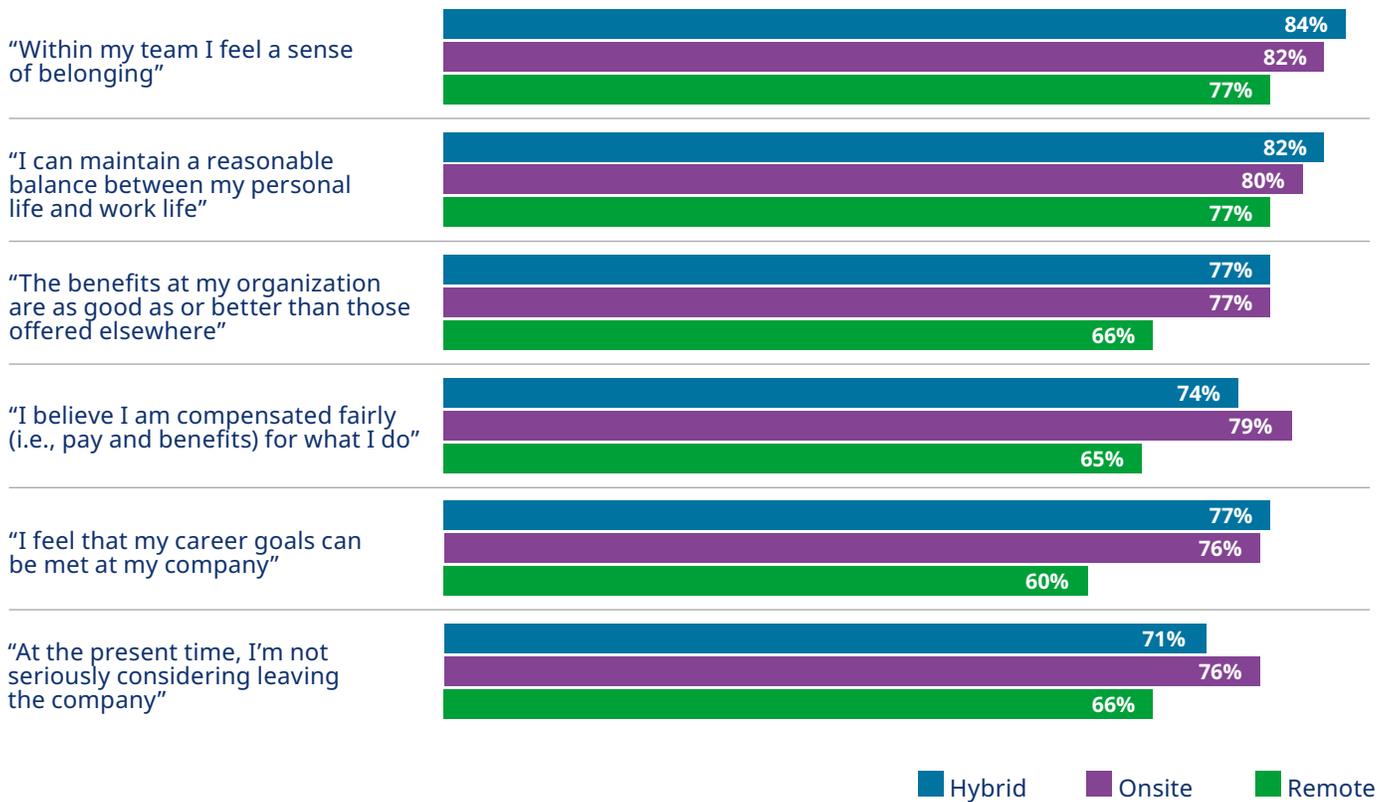
Over the last two years, employees proved they can thrive in a remote environment but are responding positively (77% satisfied) to their company's balance of return-to-office, flexible, and/or remote working arrangements. The majority of employees (56%) report working on-site at their company three or more days per week, with 38% saying they work on-site full time.

Women reported that flexibility was in the top three reasons they would leave their organization, behind pay and burnout. Women are also currently opting into flexibility at higher rates than men, with 34% of women working in full-time remote settings (versus 19% of men).

While having employees return to onsite working seems to have had a positive impact on retention, the majority of employees, regardless of the working arrangement, would still prefer to work remotely full-time if they had the ability to choose.



Employee engagement by work location



The data also indicated that certain workforce segments value different types of flexibility beyond work location flexibility. Employers should work to understand the different types of flexibility their workforce values and develop solutions that meet the needs of both the business and the employees.

% of employees that would value...

 **Consistently flexible working hours**

58% of Black employees

52% of hybrid employees

52% of employees 25-34

45% of LGBTQ+ employees



Easy time off for everyday life events

51% of remote employees

46% of low-income employees

45% of employees 55-64

42% of Black employees



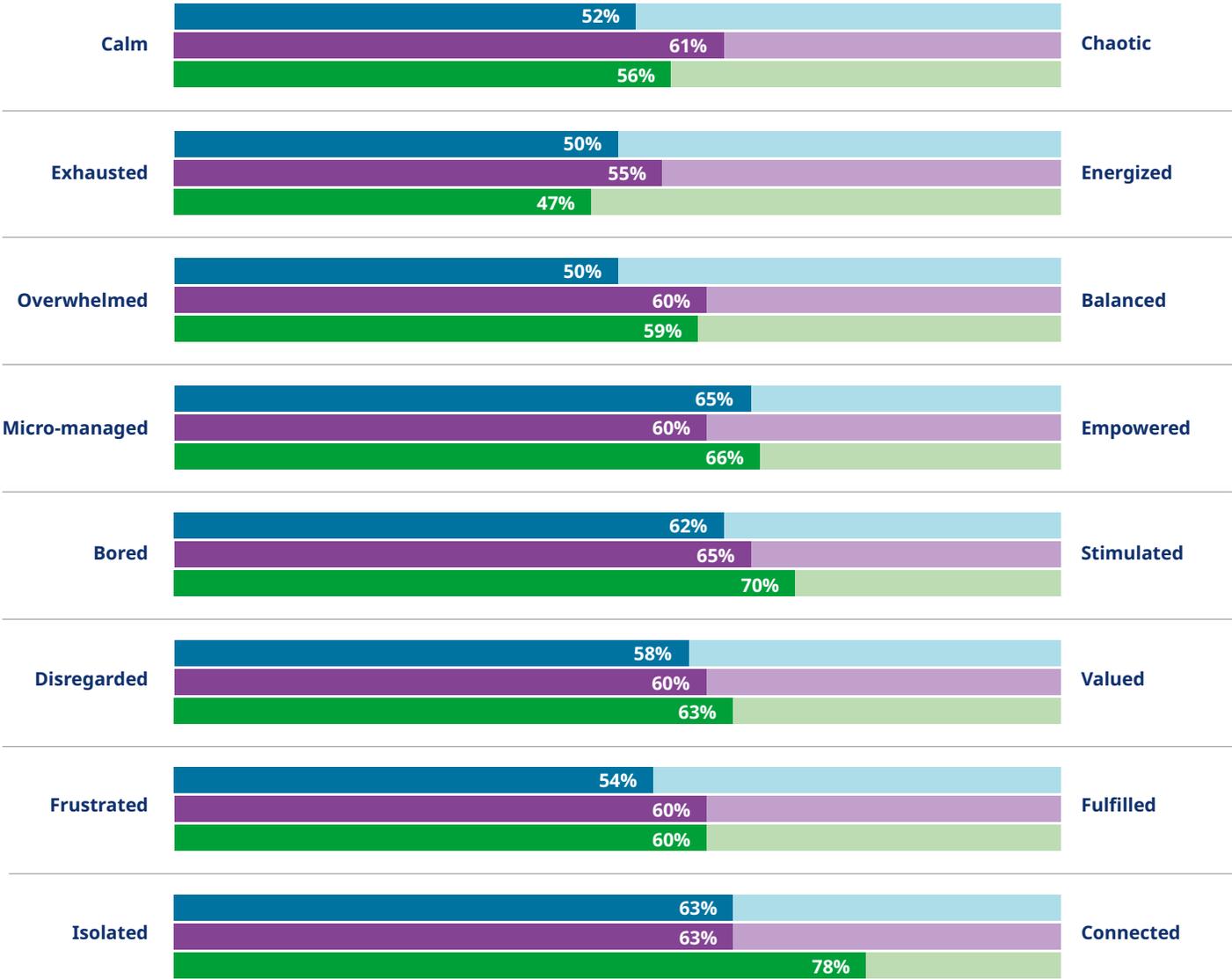
Vacation time of their choosing



While three in five employees, especially onsite employees, said that compared to pre-pandemic times, their average workday is somewhat or significantly better, remote employees were more likely to indicate that their workday had become worse. While this seems counterintuitive considering that most employees would choose to work remote, the disparity may be due to companies still struggling to modify business practices for full-time remote employees as well as struggles to create a culture that equally supports onsite, hybrid and fully-remote employees.

How would you describe your work environment?

Hybrid Onsite Remote



It's worth noting that remote employees feel more connected to their organization and colleagues than their hybrid and onsite peers, perhaps because they know they are at a disadvantage in proximity and have figured out how to stay in touch with clients and colleagues. As companies seek to create a cohesive culture, it is worth exploring why remote workers may be more connected to their organizations as well as the reasons why hybrid workers may be feeling less engaged.

Hybrid employees did not lead in any categories related to work environment, which presents an opportunity for employers to figure out how best to engage with this segment, as it is a growing part of the workforce.

Action items

An increasingly distributed and diverse workforce requires companies to think differently about how they support employees inside and outside of the work environment. There are multiple avenues employers can pursue to address employees' unmet needs and minimize the financial burden due to inflation.

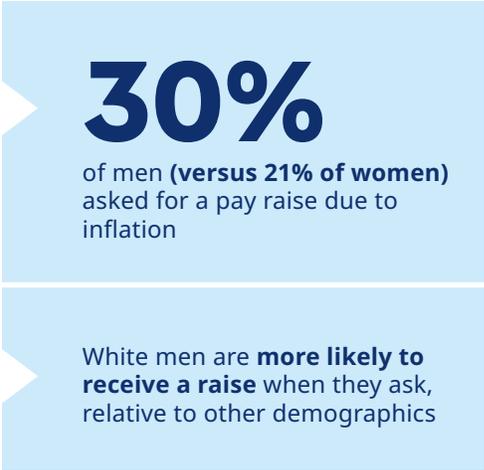
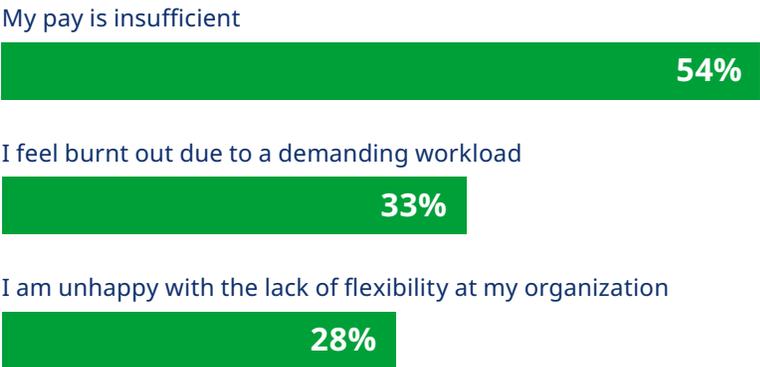
1 Focus on financial health.

- Provide health risk protections to soften the financial impact of health-related events, such as using purchasing power to negotiate employee-friendly rates, absorbing some (or all) of the increased insurance costs due to inflation until the economy recovers, and providing access to extra coverage for when liability exceeds the limits of existing policies.
- Secure financial protections to address common financial risks, such as short- and long-term disability to protect employees' income if they become disabled, life insurance to protect the financial future of employees' families, and long-term care to pay for some extended care expenses and/or create an estate for employees.
- Enable lifestyle support to improve employees' financial well-being, such as providing access to professional financial coaching and tools, connecting employees to benefits discounts tailored to their lifestyles and locations, allowing employees to purchase discounted items (computers, electronics, home furnishings, etc.) through payroll deductions, and providing access to services that help guard against identity and credit theft.

2 Improve gender equity and pay transparency.

- Ensure that women can progress into the higher income earning roles at your organization.
- Ensure you have strong governance around compensation decision-making to avoid circumstances that could lead to inequitable pay. This is particularly important, given the critical mass of financial services employees located in New York and California, who are subject to new pay transparency legislation.

Top three reasons women would leave their employers

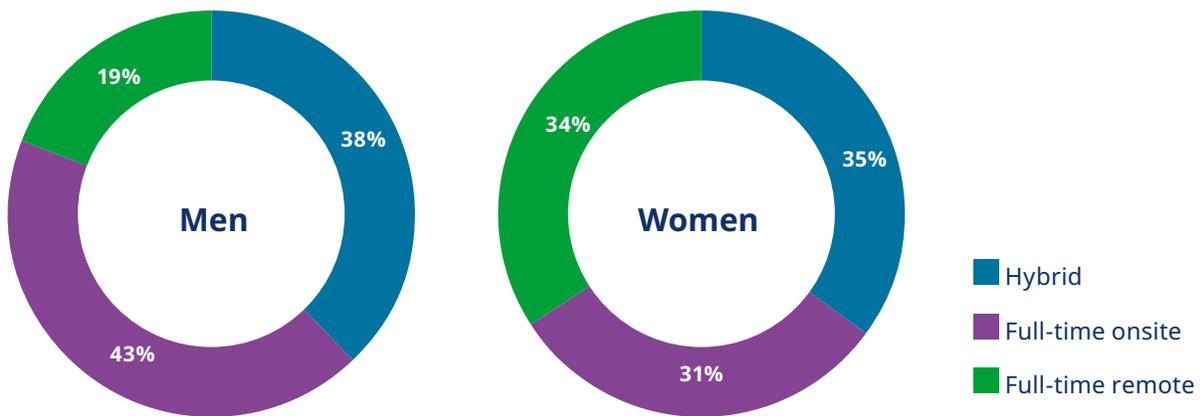


3 Redefine operating models to enable flexibility.

- Create a culture of flexibility — an effective way to boost your employee value proposition and attract high-tech talent, at low to no cost. Enable this culture throughout the organization by educating on how to manage distributed teams and flexible workers, focusing performance management on outcomes, rethinking floorplans based on employee needs, providing technology and tools to connect seamlessly, expanding virtual benefits offerings, and more.
- Ensure there is not an implicit bias against those who work flexibly, whether in performance management, developmental and career growth opportunities, access to benefits, or anything else. Organizations that don't address these implicit biases and that favor those working in less flexible arrangements are likely to further exacerbate issues related to pay and career equity.

Current working arrangement

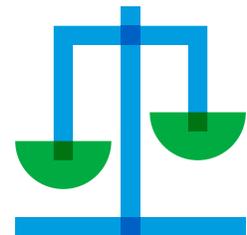
Men v. women



Flexibility is the #2 reason that would attract finance employees to a new employer (behind pay).

4 Support work-life balance.

- Design mental health benefits programs that meet employees where they're at, regardless of their location, such as an enhanced employee assistance program or access to mental health apps.
- Look for ways internally to ease workloads and reallocate resources via an internal talent marketplace, flowing talent to the areas of greatest demand.



Get a fresh perspective

Mercer brings deep knowledge of where finance has been, where it is, and where it's going. We can help you get to the heart of the equity challenges frustrating your employees and address those frustrations and unmet needs.

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