

The 2023 state of employee perks and wellness programs

A survey analyzing the current
landscape and the flexible
benefits industry



Employee benefits that flex to fit everyone's life



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Executive summary

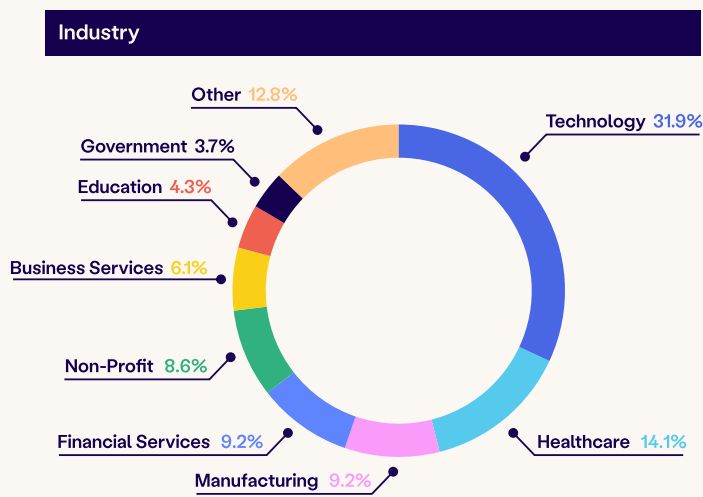
Forma Research's 2023 Flexible Benefits Survey was conducted to provide benefits professionals and Total Rewards leaders with current benchmarking, budgeting, and utilization data. While traditional core benefits, such as medical, dental, and vision are invaluable, this survey focused predominantly on employee spending accounts, wellness benefits, and employee perks.

6 key survey findings:

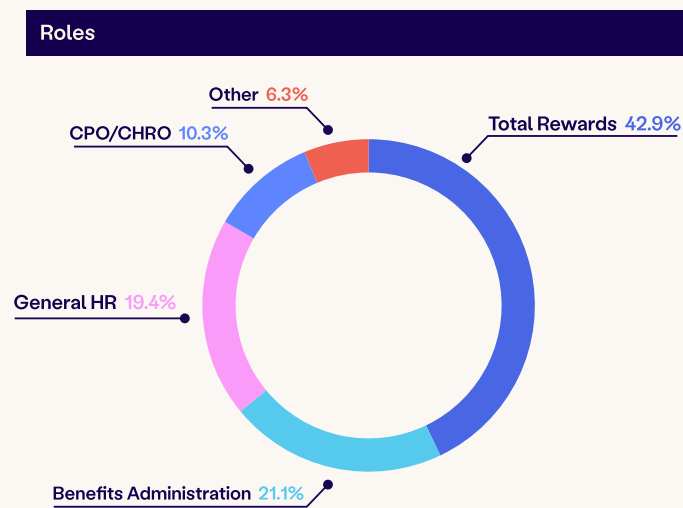
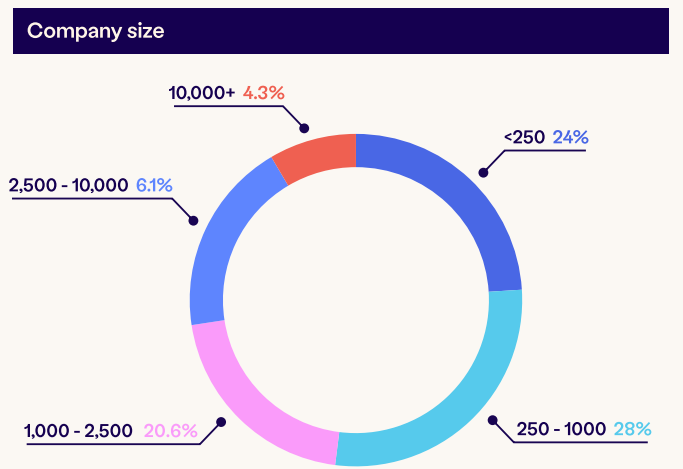
- 1 Despite economic headwinds, most organizations are not cutting their benefits budgets and are still more likely to increase than cut.
- 2 Companies are suffering from a sort of employee benefits arms race. Most organizations reported supporting numerous perks and wellness benefits on top of traditional medical and 401ks.
- 3 The 'longtail' of employee wellness benefits and perks have exploded in recent years. Companies are offering scores of different perks to create competitive benefits.
- 4 Benefits administrators are struggling to keep up and cite high frustration with their administrative burden and limited resources.
- 5 Many companies struggle with employee utilization and are potentially leaving money on the table with various point solutions that have been added in recent years.
- 6 Most US-based companies provide traditional tax-advantaged spending accounts (e.g., FSAs, HSAs), while more specialized benefits like Health Reimbursement Arrangements and Limited Purpose FSAs are less common.

About the survey

The survey aimed to gather insights from HR and benefits leaders across various industries, with nearly half of the participants in Technology, Healthcare, Manufacturing, and Financial Services. The insights included were from companies of varied sizes, spanning small, medium, and large enterprises, with an average company size of 7,353, and a median of 908.



While many of the respondents had a global presence, the findings anchored around US-based companies to provide a better understanding of the usage of tax-advantaged spending accounts. By surveying a diverse range of companies, the study sought to provide a comprehensive understanding of existing benefits programs and opportunities faced by HR and benefits leaders in today's business landscape. 248 respondents participated in the survey.

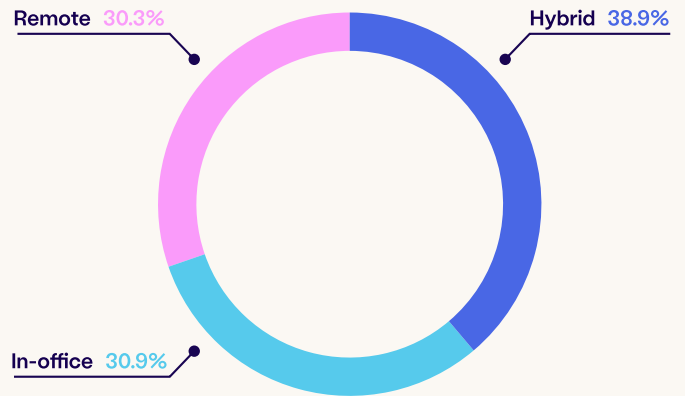


Workforce distribution

Given the distribution among remote, hybrid, and in-office workforces could impact a company's benefits mix, we sought to gain an understanding of the survey distribution. Surprisingly the responses were nearly evenly distributed, the survey results revealed a balanced distribution, with 30.3% remote, 38.9% hybrid, and 30.9% in-office employees.

As the workforce becomes increasingly distributed, building equitable benefits programs becomes more complex. By understanding this distribution, we can call out any differences in benefits programs that arise later in the survey results.

Question: Are most of your employees remote, in the office, or hybrid?



2023 benefits budgets

The survey assessed whether the overall benefits budget would continue to increase, as they have in recent years, or whether economic conditions were causing the spend to decrease.

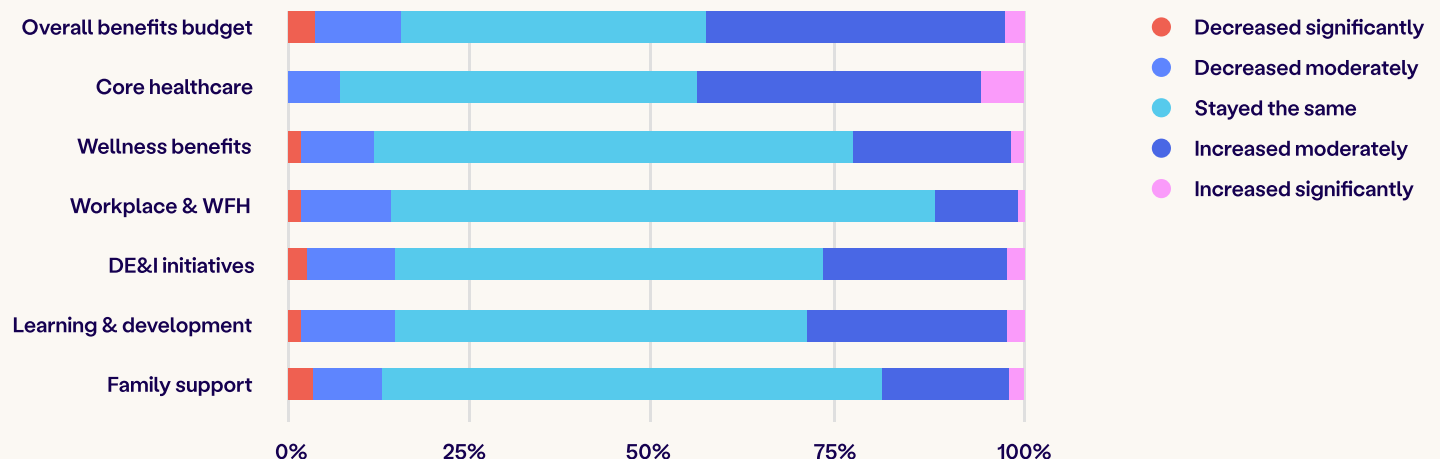
The findings indicate that despite concerns about a recession, organizations were more likely to increase their benefits budget than to reduce it, with a two-fold likelihood. Benefits inflation is evident as the cost of core healthcare continues to escalate, consuming a significant portion of the overall benefits budget.

As a result, benefits leaders are facing challenges in providing competitive benefit packages with shrinking funds for other benefits. Nonetheless, nearly a third of organizations reported increased expenditure on learning and development, as well as DE&I initiatives.

42%

of organizations have increased their overall benefit budget in 2023, with nearly all of these organizations choosing to allocate the additional funds towards core healthcare.

Question: How has your benefits budget changed for 2023 (relative to last year)?



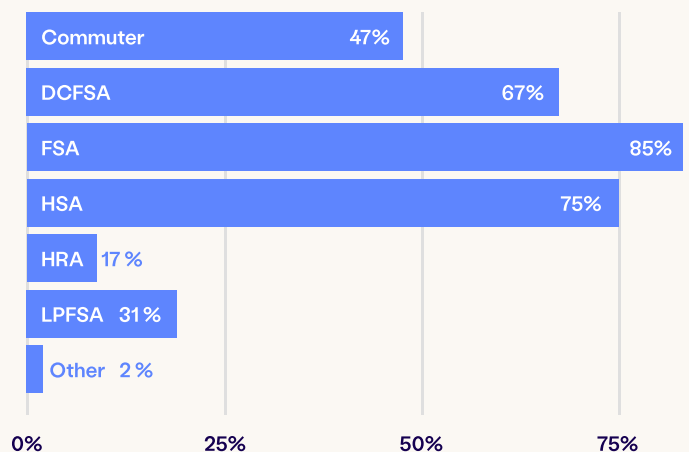
Pre-tax spending accounts

As benefits have grown more complex, it's popular for organizations to begin consolidating traditional pre-tax spending accounts with newer, employer-sponsored spending accounts, commonly known as Lifestyle Spending Accounts.

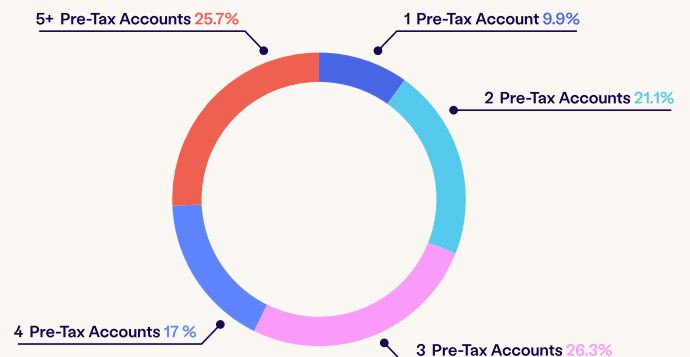
The approach makes internal communications and benefits administration much easier, while giving employees a much better experience. Therefore, the survey examined the current state of companies offering tax-advantaged spending accounts. As a reminder, all the companies featured in the report were based in the US.

Our initial goal was to gain insight into the number of organizations that offer tax-advantaged spending account benefits to employees. The results revealed that the most commonly offered benefits were FSAs, with 85% of companies providing them, followed by Health Savings Accounts at 75%. Additionally, almost 68% of companies simultaneously managed three or more pre-tax spending accounts, highlighting the increased complexity that benefits leaders must navigate.

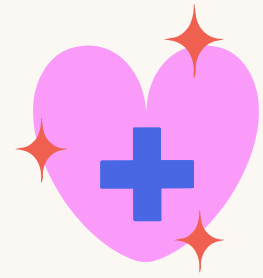
Question: Please list the pre-tax spending accounts your organization provides.



Number of Pre-tax Accounts per company



Employee perks and wellness



In recent years, particularly since COVID, most companies have witnessed an increase in the number of benefits and perks they offer. Not too long ago, employee benefits were limited to medical, dental, and vision coverage, sometimes adding on a 401K. However, in response to new externalities, benefits leaders are now grappling with a lot of changes.

For example, many companies have rapidly introduced new benefits such as mental health benefits, fertility benefits, student loan support, medical travel, work-from-home stipends, and many others. This survey aims to determine the typical mix of benefits and stipends that organizations offer in light of these relatively new additions.

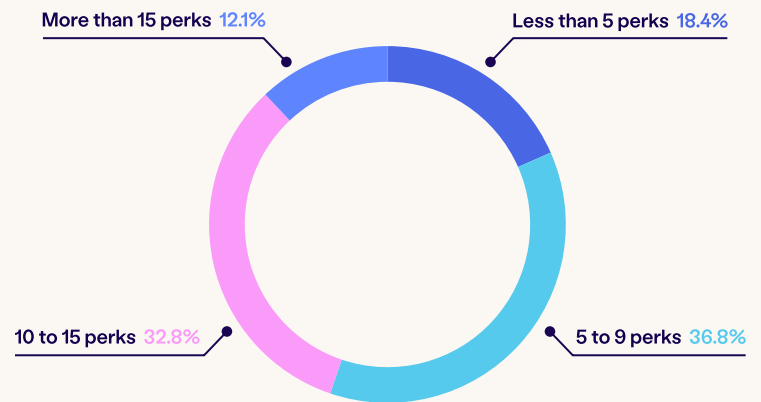
Quantity of programs

Over 80% of the companies surveyed provided five or more additional perks and wellness programs in addition to their traditional core benefits. On average, companies offered nine, with most providing between five and 15. The trend of higher number of programs quantifies the challenges faced by benefits leaders who are experiencing a significantly more complex job with a heavier administrative burden.

With a growing number of programs offered, companies noted difficulties providing inclusive, differentiated benefits overall. While no company offered all 33 benefits listed in the survey the average number provided was 9.

Question: Of the 33 most common types wellness benefits and perks, how many does your organization provide today?

Number of perks per company



On one hand, benefits leaders have a lot to manage. On the other, there is still strong competitive pressure and white space to build comprehensive and inclusive benefits.

Employers have reached the limit on the number of point solutions they can manage, so they are considering platforms or other means for simplification and consolidation.

33

different types of perks and wellness programs listed in the survey

80%

of companies provide 5-15 perks and wellness benefits

9

is the average number of perks and wellness benefits companies offered

Employee perks distribution

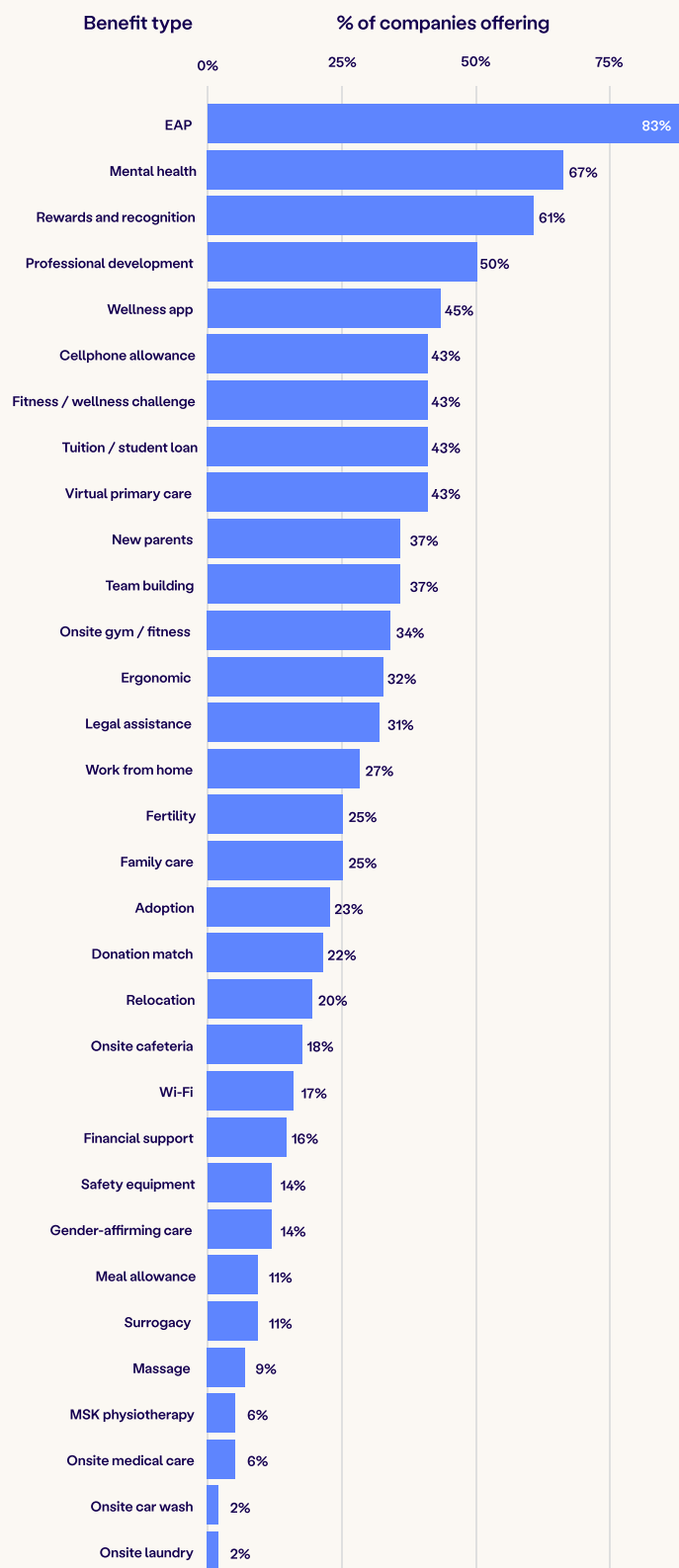
In order to assess the current landscape, the survey asked participants to share details around the types of benefits offered. As such, the results were able to uncover trends with percentages of types of benefit programs offered and distribution.

The results showed that companies offer a significant number of benefits - 33 in fact - with the list continuing to grow. Disregarding some of the exceptional onsite benefits towards the end, at least 28 of the total 33 different perks were provided 10% of the time.

Hence, as organizations use benefits to differentiate from other employers, it's easy to understand how unique every company's benefits portfolio has become and how much pressure benefits leaders feel to keep up.



Question: Please list every employee perk and wellness benefit your organization provides.



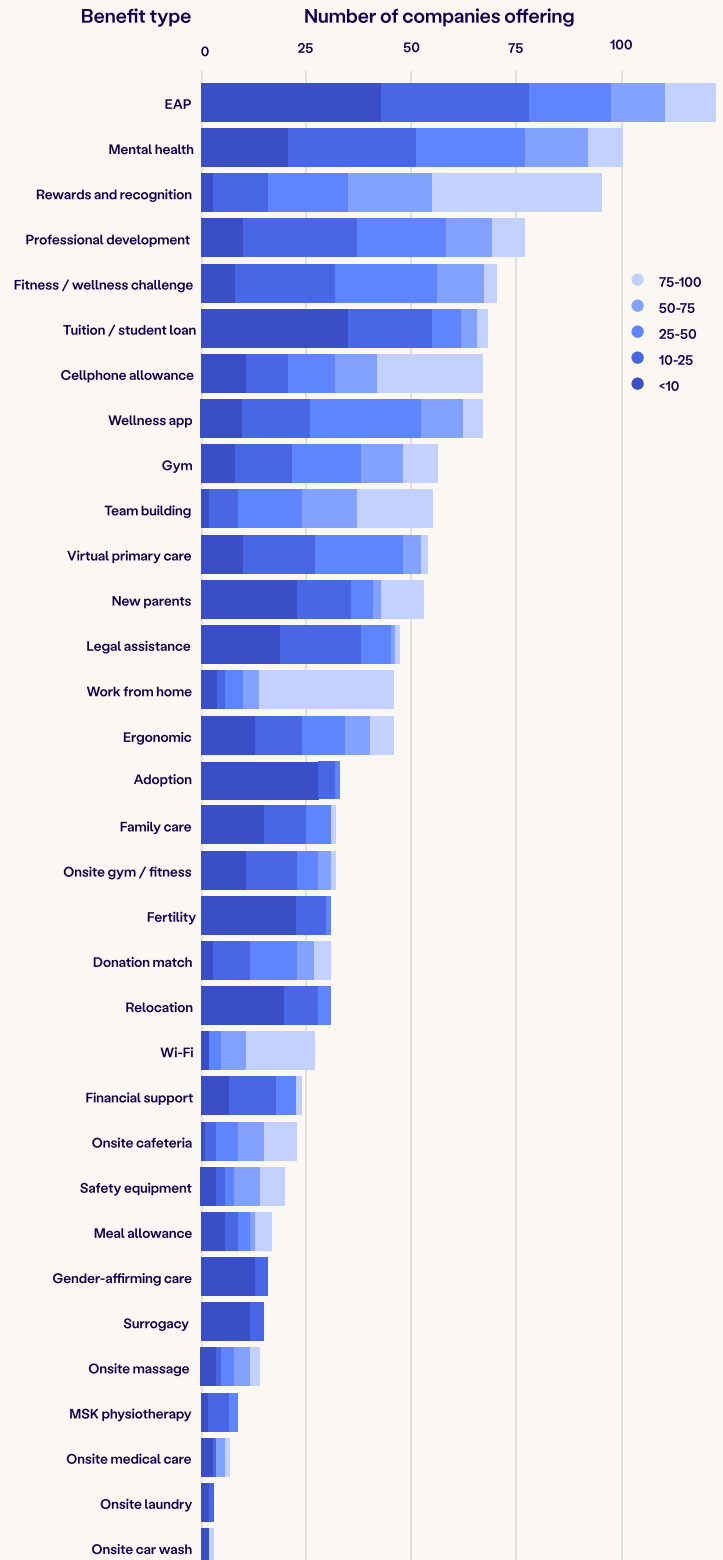
Utilization across benefits

Looking at utilization for each benefit individually, nearly every benefit had a utilization challenge. With the exception of a couple of items, every listed perk has a typical utilization below 50%. This can be good or bad depending on the benefit.

Employers don't anticipate (nor financially want) high utilization for expensive inclusive benefits like fertility care or gender affirmation. However, the majority of the benefit programs incur sunk subscription costs, add-on costs from carriers, or significant administrative costs with a lot of money being wasted.



Question: For the benefits you offer, what is your company's utilization?



Budget per employee, per program

For each supported program, we asked participants to share their budget based on yearly allowance per employee. The responses provided fantastic benchmarking information. The chart below details the distribution of budget by program alongside the maximum, average, and minimum contribution per employee. As expected, select programs came at a higher price point, such as surrogacy and gender-affirming care. However, it's important to note that these costlier programs tended to be relevant to a smaller subset of the population with lower utilization. In comparison, programs relevant to larger groups, such as work from home, Wi-Fi, and family care tended to hover in the \$500 - \$1,000 range.

Yearly benefit allowance per employee	Max	Avg	Min
Surrogacy	\$25,000	\$10,682	\$2,500
Gender-affirming care	\$25,000	\$10,257	\$1,800
Fertility	\$30,000	\$9,700	\$1,000
Adoption	\$25,000	\$7,286	\$2,500
Onsite massage	\$26,000	\$5,240	\$100
Tuition / student loan	\$25,000	\$3,976	\$108
Relocation	\$10,000	\$3,508	\$100
Wellness app (fitness, meditation)	\$20,000	\$1,990	\$20
Donation match	\$10,000	\$1,616	\$25
Team building	\$16,000	\$1,052	\$50
Onsite cafeteria	\$5,000	\$956	\$5
Professional development	\$5,250	\$916	\$59
EAP	\$36,000	\$857	\$20
Work from home	\$4,560	\$787	\$50
Wi-Fi	\$1,800	\$687	\$200
Fitness / wellness	\$2,400	\$655	\$20
Family care (pet care, elderly care, childcare)	\$5,000	\$655	\$300
Rewards and recognition	\$16,000	\$640	\$25
Cellphone allowance	\$1,800	\$603	\$50
Fitness / wellness challenge	\$10,000	\$554	\$20
Mental health	\$5,000	\$550	\$25
Financial support (counseling, assistance funds)	\$2,080	\$1,540	\$1,000
Meal allowance	\$1,600	\$366	\$20
Ergonomic (workspace arrangements, posture corrector)	\$2,000	\$361	\$50
Safety equipment	\$1,500	\$352	\$100
New parents (parenting support, lactation, newborn gift)	\$2,000	\$297	\$25
Legal assistance	\$2,500	\$283	\$15
Virtual primary care	\$1,800	\$213	\$72
Onsite gym / fitness	\$125	\$58	\$25

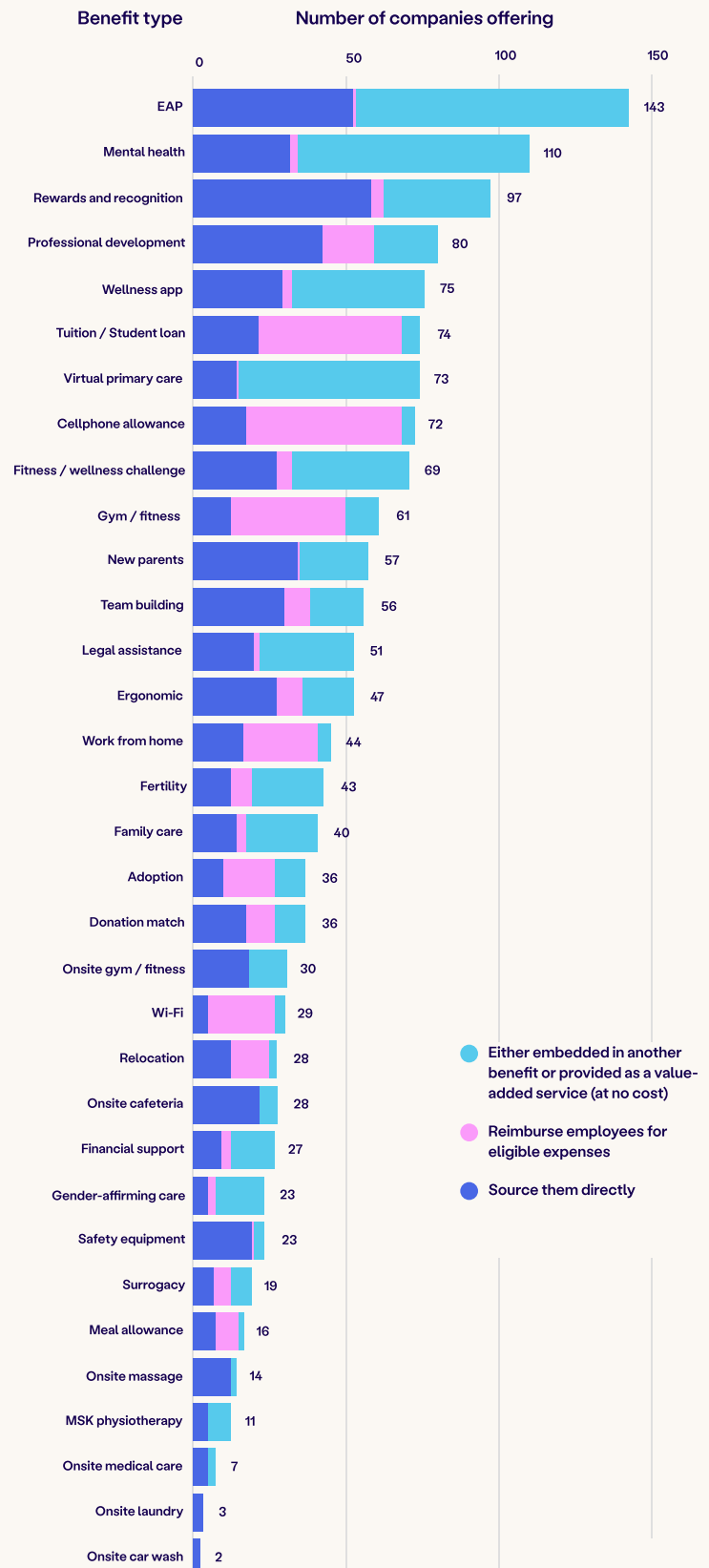
How benefits are procured

Not surprisingly, the benefits most commonly embedded with core healthcare were provided most often (e.g., EAP, Mental Health). However, there was a notable pattern where nearly half of the benefits were sourced directly by employers. Additionally, considering the data presented earlier, which indicates that many companies offer 15-20 benefits simultaneously, it's reasonable to see why so many benefits teams feel overburdened and understaffed while managing these benefits.

Another group of benefits stood out because a significant portion of companies reimburse employees directly. These included: tuition reimbursement, fitness stipends, work from home expenses, Wi-Fi or cellphone allowances, and meal allowances.

Q Page 14 covers program inefficiencies and opportunities to better manage both utilization and administration.

Question: How do you procure these benefits?

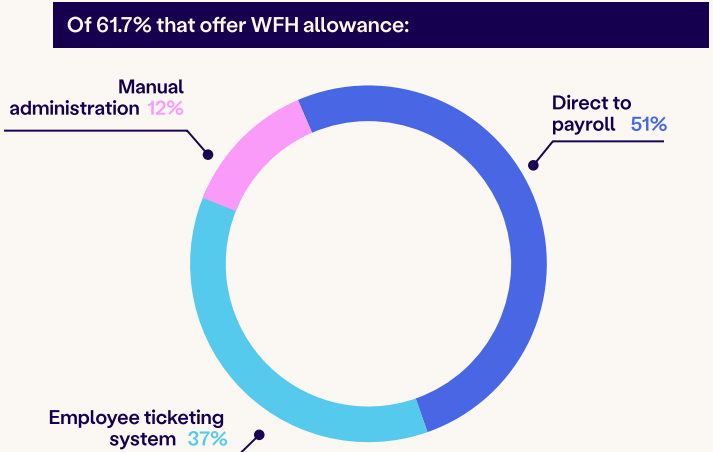
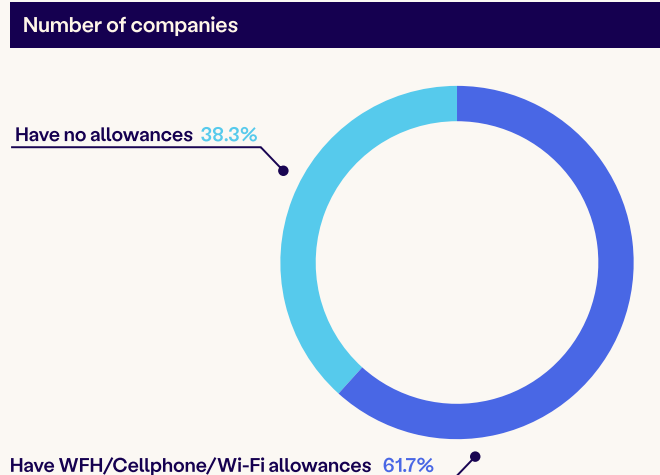


Work from home benefits

Nearly two-thirds of respondents represented companies with hybrid or remote workforces. Work from home benefits stand out because, relative to other perks, they tended to have high utilization. As such, we looked to better understand how organizations were procuring work from home benefits specifically.

Findings showed that a half of respondents provided employee stipends direct to payroll. While it's understandable that this is the most efficient administrative approach, it has a couple of significant drawbacks. First, it's a terribly inefficient use of funds. Forma Research has seen organizations that switch to a reimbursements model typically save around 30% of the overall budget because employees don't always incur the full amount provided in the stipend and some employees don't incur the costs to begin with (e.g., they already have free Wi-Fi or are on a family plan). Secondly, it's difficult to realize the value of direct to payroll since employees automatically get money funneled directly into their bank accounts. That said, it's likely many may not value the perk or be using it for the intended purpose.

Many organizations, 37% to be exact, noted using expense ticketing systems. However, this approach may also have drawbacks. For example, many ticketing systems were built for employee expense reports charge for every submitted expense. In fact, one Forma customer was paying \$8 per submittal, equating to over \$500,000 annually, just to reimburse employees for home Wi-Fi. As such, companies looking should consider migrating spending accounts to a benefits administrator who will not meter expenses and who could add flexibility to how the funds are used. As a result, companies can actually decrease their overall budget while helping employees feel they've been given more.



Benefits administration time

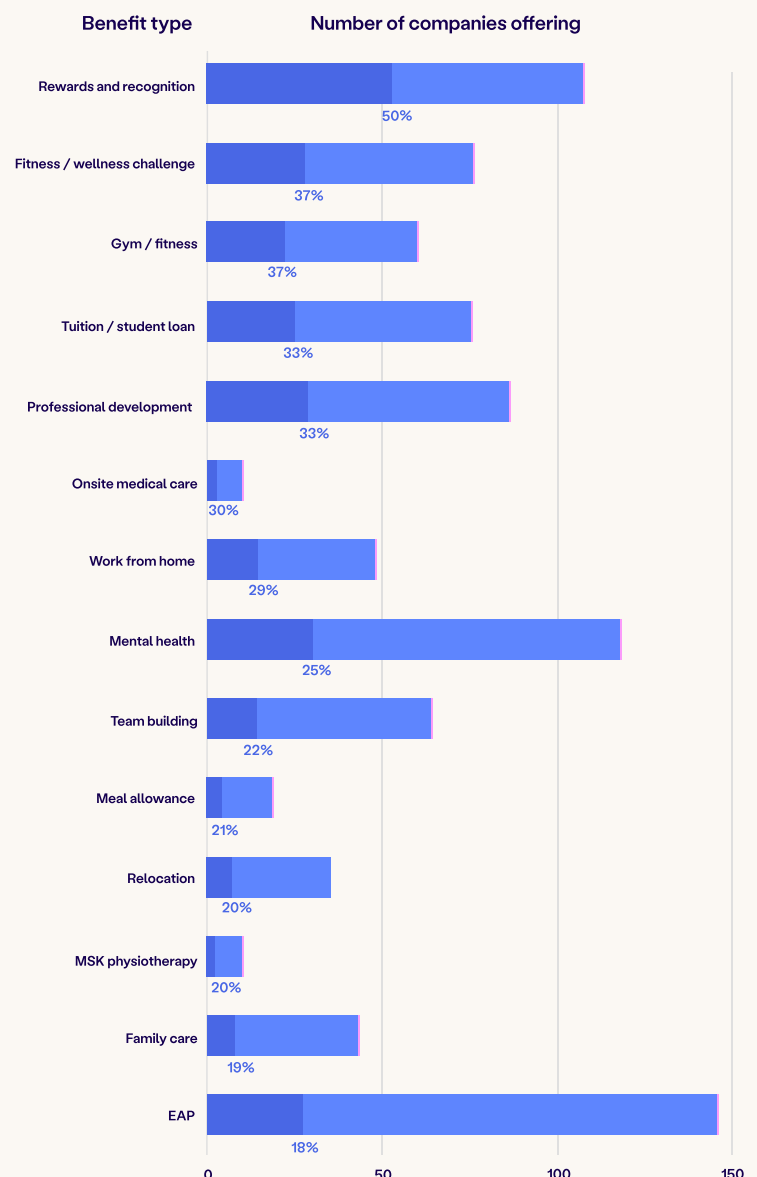
We wanted to determine the areas where benefits leaders are spending the most time either assisting employees, managing vendors, or doing administrative work. Survey participants were asked to pick the two most time-intensive benefits they handle. Since the respondents were only allowed to select from the programs they oversee, we decided to present the results as a percentage of those who offer the benefit.

As expected, benefits programs that necessitate continual communication and assistance were the most time-consuming, including Rewards & Recognition initiatives and change management. Nevertheless, all of these programs entail significant administrative duties, and the burden of administration is not widely distributed among program categories. It is worth noting that certain programs have a high administrative load but have relatively poor utilization among members.

For instance, 33% of employers who provided tuition/student loan assistance reported that it was one of the most time-consuming benefits to administer, yet the average utilization rate was only 18%. This indicates that there may be opportunities for more efficient approaches and reveal how existing focus areas may not benefit the broader employee population.

Question: Select the 2 benefits that you spend the most time administering and supporting

- Total employers that offer this benefit
- % of employers acknowledge that these are the top 2 most painful benefits to admin



Question: Select the 2 benefits that you spend the most time administering and supporting

Benefit type	# of employers selected as top 2 most painful benefits to admin	# of company offer this benefit	Percentage	Utilization
Rewards and recognition	53	107	50%	60%
Fitness / wellness challenge	28	76	37%	33%
Gym / fitness	22	60	37%	39%
Tuition / student loan	25	75	33%	18%
Professional development	29	87	33%	35%
Onsite medical care	3	10	30%	35%
Work from home	14	48	29%	71%
Mental health	30	118	25%	32%
Team building	14	64	22%	56%
Meal allowance	4	19	21%	36%
Relocation	7	35	20%	11%
MSK physiotherapy	2	10	20%	19%
Family care (pet, elder, children)	8	43	19%	18%
EAP	27	146	18%	28%

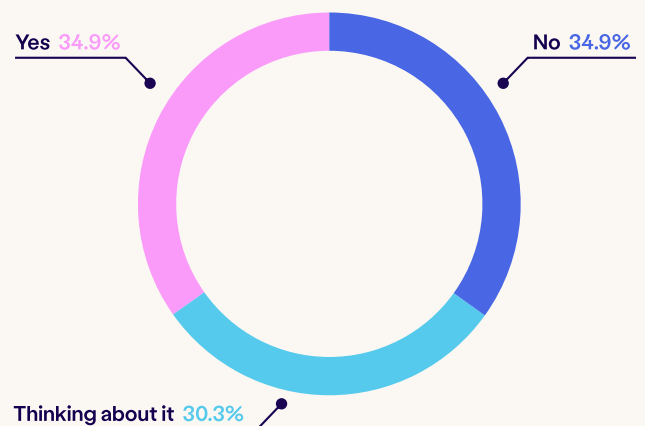
Employee benefits surveys

Finally, we wanted to gauge how many organizations use a benefits survey as part of their strategy.

At Forma, we have a love and hate relationship with benefits surveys. Let us explain, of course it's great to understand your members and genuinely pursue benefits that matter. But as we step back and take a look at how all of these benefits and point solutions have proliferated over the past couple of years, it's important to think about our process. We get the best benchmark information we can find. We survey our employees. We note a gap, we try to initiate new programs. With every additional program comes more administrative burden, more budget being spent, and more unintentional exclusion of part of your employee base. Few to no benefits are equally important across distributed, multi-generational workplaces. We've also learned that many benefits surveys don't provide the detailed data necessary to make decisions. That said, Forma has aggregated [survey best practices](#) to get the most out of employee benefits surveys.

Question: Do you send out an employee benefits satisfaction survey annually?

% of companies surveying employees



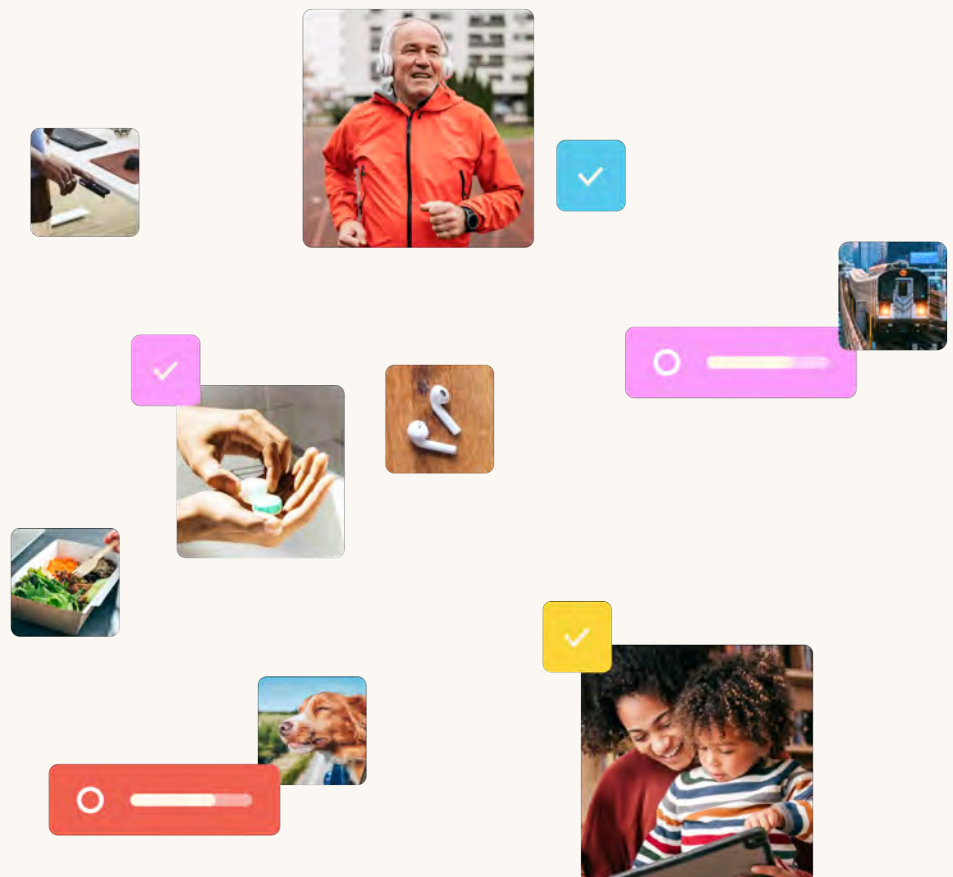
Conclusion

This research indicates that although organizations have expanded their benefits offerings, there are still gaps and employees don't always value them. This has resulted in increased effort spent administering these programs, more complexity, and inefficient spending.

The survey shows employers offer a variety of 33 perks and wellness benefits today. However, the average number of perks offered is only 9, indicating that there is still plenty of room for companies to develop a comprehensive and inclusive benefits package. Furthermore, utilization rates for these perks are typically under 50%, highlighting a clear problem with the traditional method of offering point solutions and continuously adding one on top of another. Benefits teams are facing significant challenges in expanding benefits while operating within flat or reduced budgets.

Potentially, there is a better way. More companies are adopting Lifestyle Spending Accounts (LSAs) as a flexible and cost-effective way to offer benefits. With LSAs, employers can set eligibility criteria and then let employees choose how to spend them, maximizing value and engagement. This approach reduces inefficiencies and aligns benefits with employee needs and preferences.

When done correctly, LSAs benefit all parties: Employees are able to choose benefits that are most meaningful to them. Benefits leaders drastically reduce the amount of administrative work, benefits communication, and vendor relationships they need to manage. And companies make every dollar count only spending for benefits that get used while creating an equitable, competitive benefits package that's difficult to match.



Customizable spending accounts. Better benefits.

Forma has been redefining employee benefits with customizable spending accounts that let employees choose what's meaningful to them. We manage all types of benefits — from Lifestyle Spending Account programs to HSA, FSA, HRA, Commuter, and COBRA. This way, employees have a simple, unified experience regardless of using a pre-tax HSA or a post-tax wellness allowance.

Working with top brands, we help create flexible benefits programs at scale—all in an easy-to-use platform. Our approach has helped companies worldwide save costs, improve utilization, and spend time focusing moving the needle vs. managing countless vendors.

Contact us to learn more about what we can do for you.

The platform that does it all for you!

- + Three ways to pay**
Employees spend funds on their terms with The Forma Store, The Forma Visa Card, and claims reimbursement.
- + Dedicated support**
We'll handle procurement, administration, compliance, and claim review.
- + Award-winning UX**
Give everyone a consumer-grade experience they'll love with live support 24/7.
- + Truly global**
We're live in 100+ countries so you can deliver customizations and processes at scale.
- + Enterprise-grade tech**
We're SOC 2 certified, GDPR compliant, and adhere to WCAG standards expected of global enterprises.
- + A beautiful backend**
With fully-managed backend tech, payment, integration, and taxation processes are easy and just work.

