

Recalibrating employee benefits: Delivering value in a cost-constrained world

2025 Benefits Trends Survey

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escalate

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Introduction

The start of 2025 saw a significant rise in economic uncertainty. For many businesses, budgets have tightened, placing increasing pressures on benefits. At the same time, competition for talent remains a long-term focus. For many employers, their benefits are an essential tool to help them retain their most important employees and attract key talent. Even more, companies are increasingly using their benefits to demonstrate the organization’s purpose and values.

Expectations have dramatically changed so much that employees are looking to their employers for greater support for financial, physical and emotional wellbeing needs, while at the same time they are looking for a more personalized experience with their benefits. Delivering this enhanced benefit experience, during the current economic climate, will be a significant challenge for many employers over the next few years.

The question many employers are struggling with today is, how can we deliver value through our benefits in a cost-constrained environment?

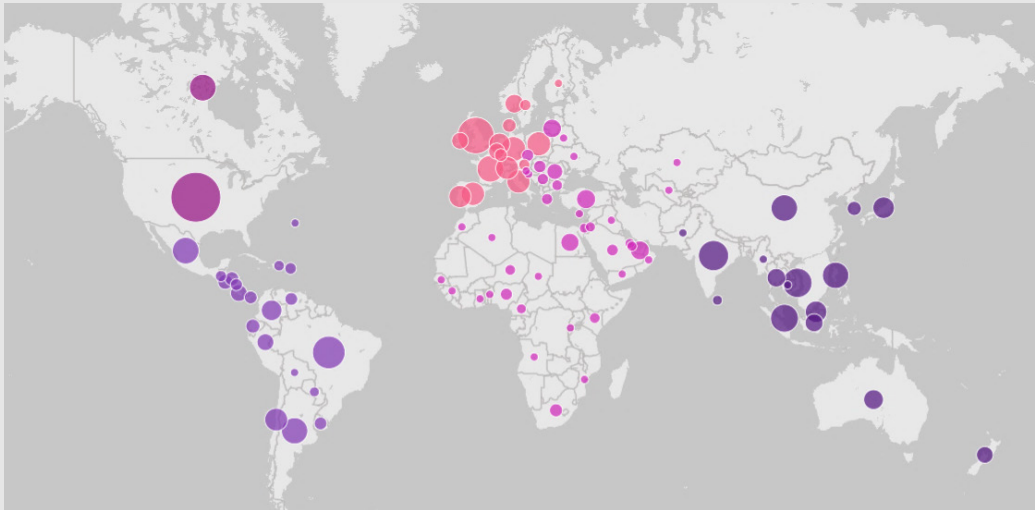
In this report, we find that while the tension between concerns on costs and heightened ambition isn’t new, today’s environment is pushing employers to examine this trade-off more closely than ever. Employers are taking a harder line on costs; they have little desire or capacity to spend more or broaden the portfolio of benefits. This means a focus on rebalancing benefits by redirecting spending from low-performing benefits to those with a greater impact and more focused attempts to address the key pressure points employees are facing. Employers are also looking to deliver value by enhancing choice and the benefit experience.

The rest of this report focuses on the key forces shaping benefit strategies, companies’ objectives and ambitions for their benefits, as well as what tactics organizations are looking to implement in the future.

About the survey

Our 2025 Benefits Trends Survey examines the future direction of organizations’ benefit strategies, how innovative solutions are being used to address these old and new challenges, and the tactics that employers are looking to adopt to deliver value. We surveyed 5,538 organizations in over 100 countries, representing over 24 million employees.

	Number of participants
Asia Pacific	1,994
CEEMEA	368
Western Europe	1,310
Latin America	1,025
North America	841



Key findings



Cost issues intensify

Rising budgetary pressures and benefit costs — particularly healthcare — are impacting employers’ ability to enhance and deliver on their benefits more than ever before.



Making benefits critical to the value proposition

With talent issues persisting, employers plan to use benefits as a tool to signal their organizational purpose and values as they work to attract and retain talent.



Extracting value in a cost-constrained environment

Few companies are expanding their benefits. Instead, most are looking to recalibrate spend to maximize value and to help employees make the best use of their benefits through greater choice and support.



Companies are focused on addressing key employee pressure points

Employers are prioritizing the key employee pressure points of emotional and financial wellbeing and family benefits and are adopting solutions to guide employee behaviors (technology, nudges and navigation).

Health and retirement benefits continue to be a focus for employers.



Key forces shaping benefit strategies:

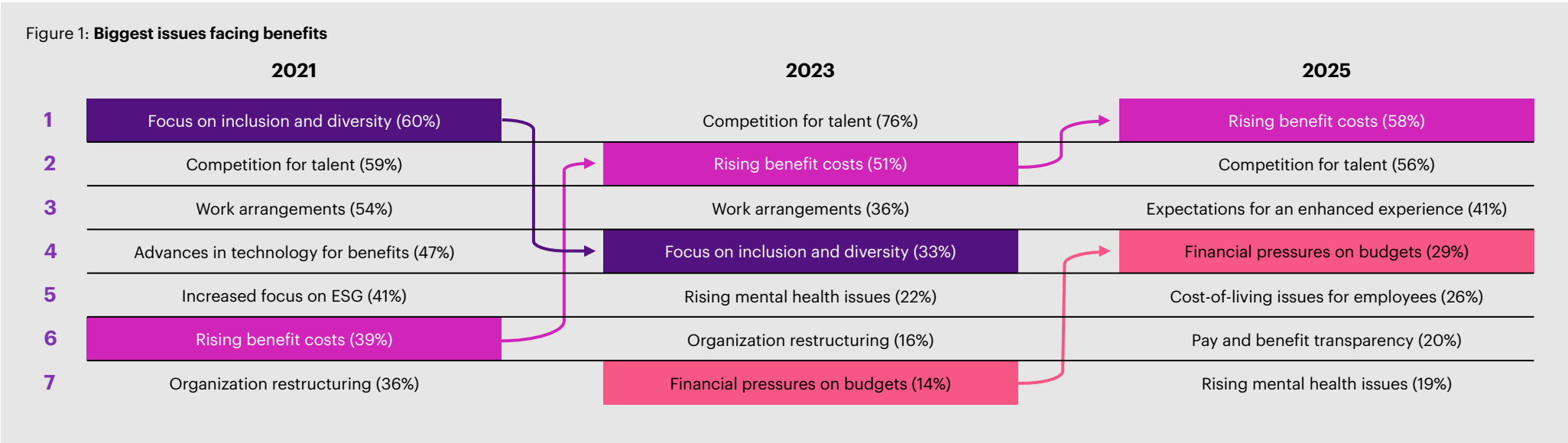
Cost issues escalate

One thing is clear from our 2025 Benefits Trends Survey: Cost concerns have surged in recent years (Figure 1). Globally, rising benefit costs have emerged as the top issue for employers' benefit strategies in 2025 (58%), climbing from second place in 2023 (51%) and from sixth in 2021 (39%).

Alongside rising costs, we also see mounting pressures on benefit budgets. In 2023, just 14% of employers cited financial pressures on budgets as a key business issue (ranked seventh). By 2025, this figure has doubled to around 29% and is now the fourth most cited issue influencing benefit strategy. Combining cost and budgetary concerns, over two-thirds of employers (69%) mention costs as a central issue shaping their benefit strategy.

Health benefits and wellbeing programs are the two benefit areas where employers globally are facing the greatest challenges. For health benefits, the major issue is financing, with the cost of medical care projected to increase by 35% globally from 2022 to 2025 (21% ahead of general inflation) according to our [2025 Global Medical Trends Survey](#). Financing is also the top challenge for wellbeing programs globally. But in this case, the challenge is how to meet the growing wellbeing needs of employees and how to add or enhance programs and initiatives with constrained budgets.

Talent issues continue to be a significant concern for employers, albeit a diminished one. Over half of employers (56%) identify competition for talent as a key business issue, down from three-quarters (76%) in 2023. Nevertheless, this is still the second most important driver for benefit strategies globally. These are expected to remain important in the medium and long run, and employers are looking to continue to differentiate through benefits.



Several issues have emerged as new or growing factors for benefit programs: employees' increasing expectations for enhanced benefit experiences (41%), cost-of-living challenges faced by employees (26%), and the importance of pay and benefit transparency regulations (20%). Conversely, employers are less concerned about flexible work arrangements, and the focus on inclusion and diversity initiatives is less prominent globally, although this may reflect stability after a period of considerable focus rather than retrenchment.

Looking at the breakdown of results by region, again we see that rising benefit costs and pressure on budgets have grown in importance and, alongside

competition for talent, are the top issues influencing benefit strategy (Figure 2). Yet, rankings of these issues differ across regions. In Asia Pacific, 59% of employers cite competition for talent as their primary issue; in Western Europe, it's 58%. In both cases, competition for talent is the top ranked issue facing benefits. Nevertheless, when looking at cost and budgetary concerns combined, these outweigh talent concerns. With 68% of employers in Asia Pacific and 61% in Western Europe reporting the combination of rising benefit costs and budget pressures as their foremost challenge.

Alongside cost and a focus on talent, expectations for an enhanced employee experience also consistently appears in the top three issues across most regions. Beyond these top three priorities, regional differences begin to emerge — reflecting distinct economic conditions, labor market dynamics and benefit system maturity. For example, budget constraints are more prominent in Asia Pacific and Latin America, while higher living costs rank higher in North America and Central and Eastern Europe, Middle East and Africa (CEEMEA).

Figure 2: **Biggest issues facing benefits by geographical region**

	Asia Pacific	CEEMEA	Latin America	North America	Western Europe
1	Competition for talent (59%)	Rising benefit costs (58%)	Rising benefit costs (54%)	Rising benefit costs (87%)	Competition for talent (58%)
2	Rising benefit costs (55%)	Competition for talent (51%)	Competition for talent (51%)	Competition for talent (52%)	Rising benefit costs (47%)
3	Expectations of enhanced experience (42%)	Higher living costs (43%)	Expectations of enhanced experience (40%)	Expectations of enhanced experience (43%)	Expectations of enhanced experience (42%)
4	Pressure on budgets (33%)	Expectations of enhanced experience (33%)	Pressure on budgets (27%)	Higher living costs (38%)	Pay and benefit transparency (28%)
5	Pay and benefit transparency (22%)	Pressure on budgets (28%)	Work arrangements (24%)	Rising mental health issues (36%)	Higher living costs (27%)
6	Employee performance (22%)	Pay and benefit transparency (25%)	Higher living costs (21%)	Pressure on budgets (25%)	Pressure on budgets (26%)
7	Higher living costs (19%)	Work arrangements (17%)	Rising mental health issues (19%)	Physical health issues (18%)	Work arrangements (22%)



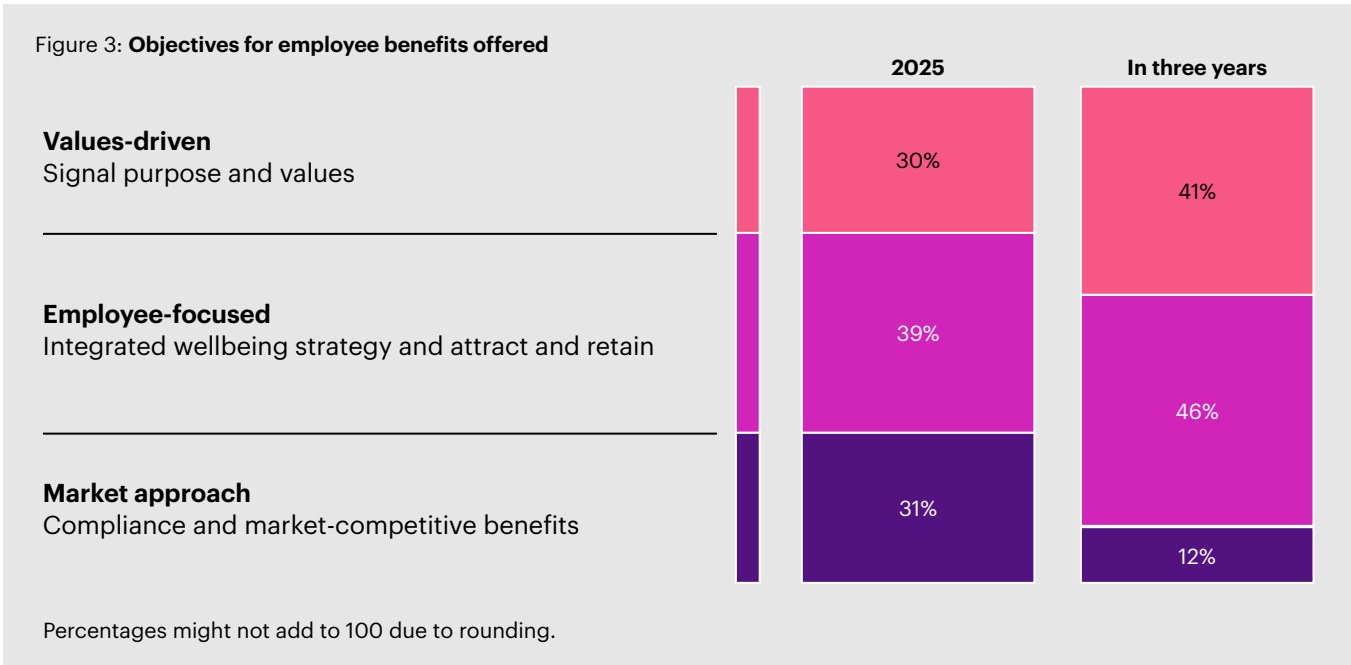
Employers’ growing ambitions for benefits

Employers are seeking to do more with their benefits — using them as a more powerful attraction and retention tool and as a reflection of the company’s purpose and values (Figure 3). Currently about two in five employers (39%) say they are designing their benefit programs to be employee-focused. This is anticipated to grow to almost half of employers (46%) in three years, reflecting an increasing recognition of benefits as a strategic lever in the competition for talent.

A clear trend is for benefits to become more “values-driven.” Currently 30% of employers are seeking to use their benefits to signal their purpose and values to their employees and other key stakeholders, but this number is expected to grow to 41% over the next three years.

As a consequence, there is a clear shift away from a purely market-driven approach to benefits, to meet mandatory requirements or to match competitor offerings. Currently, 31% of employers globally use this approach, but this is projected to decline to 12% in three years.

To make this shift toward more employee-centric benefits possible, companies will need a greater understanding of the wants and needs of their workforces and a greater focus on delivering an enhanced employee experience.



Reconciling cost pressures and rising ambitions: Doing more with the same

How can employers reconcile their ambitions to do more with their benefits in the face of rising costs and budgetary pressures? Employers are looking to square the circle by reallocating or rebalancing their benefit spending (Figure 4).

Over the past year, most employers have had a wait-and-see approach. The vast majority (74%) made no changes to how much or where they allocate their benefit budgets. But over the next three years, three in six (57%) plan to reallocate or rebalance their benefit spend. This recalibration — adding or enhancing some benefits by reducing or removing others — can be challenging. Employers need to consider carefully which benefits employees want and need and which benefits deliver most value to the organization. They should also carefully consider their communication strategies, as changes that involve scaling back existing benefits can trigger strong reactions among those employees who lose out.

The ambition to deliver more value from current spending, alongside the cost-aware environment in which employers are navigating, is also reshaping employers' wider benefit priorities (Figure 5).

Figure 4: Strategy for benefit spending

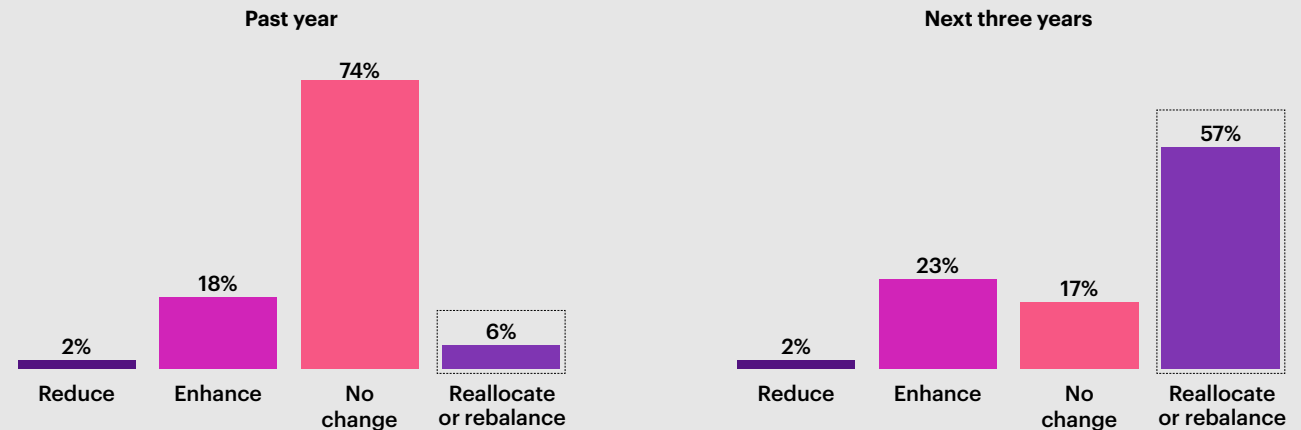
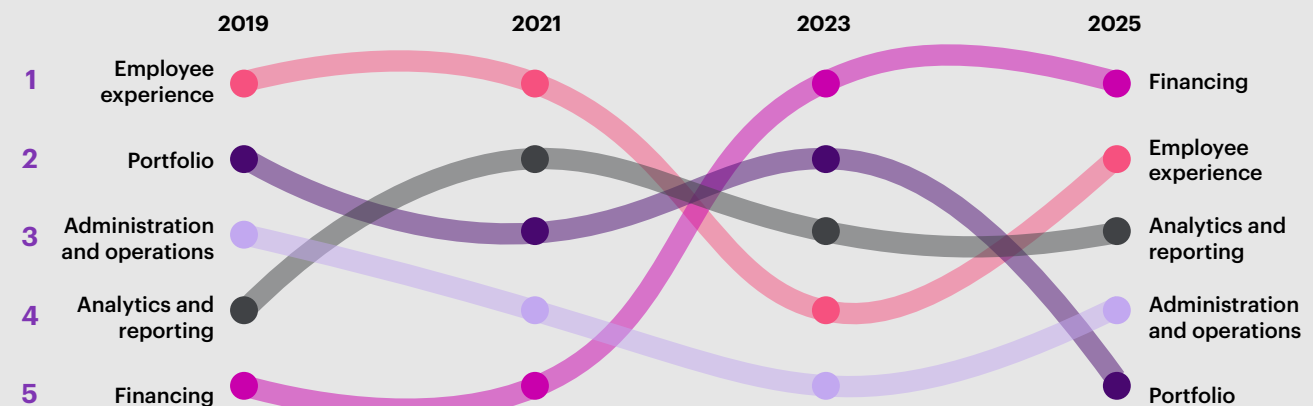
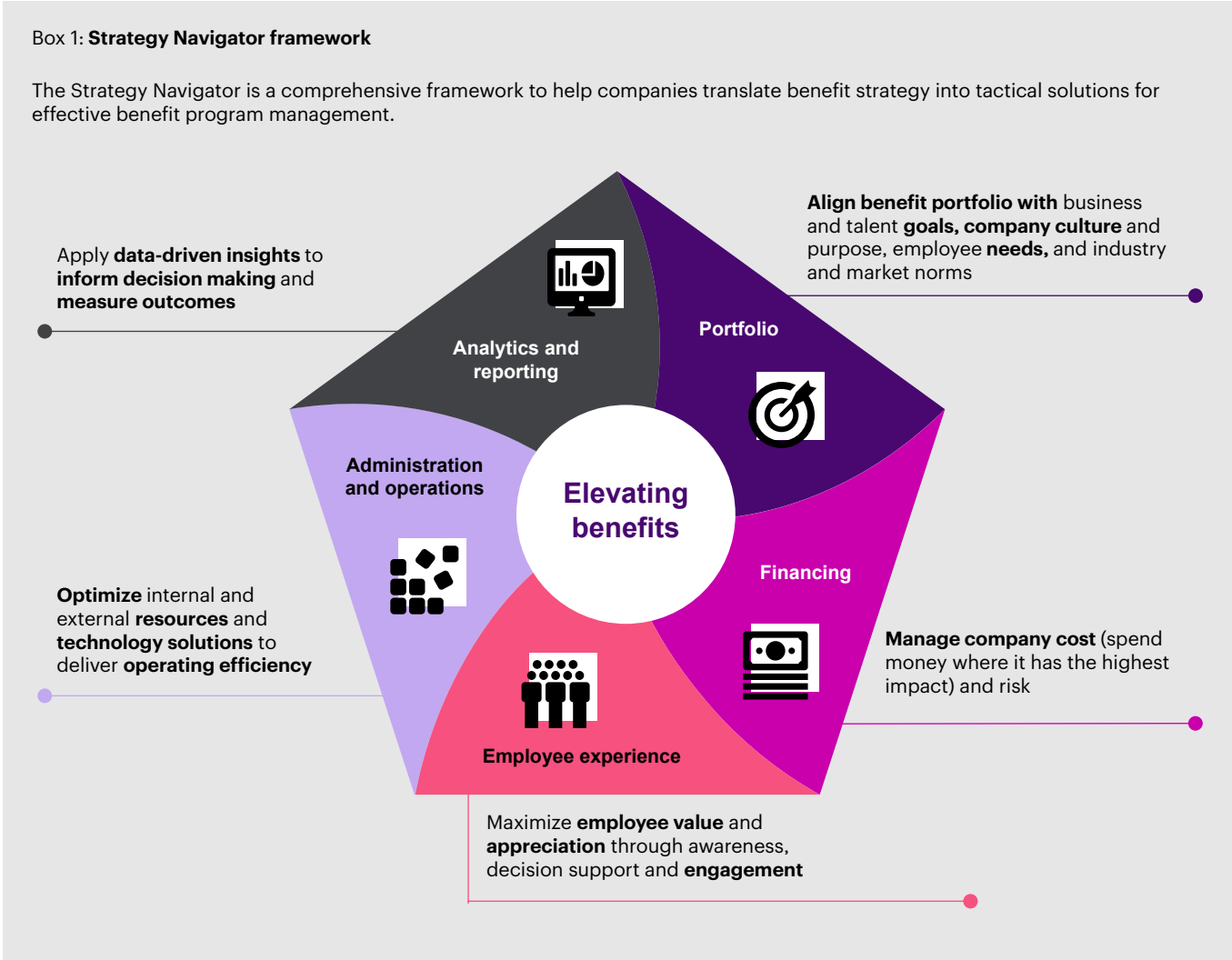


Figure 5: Benefit strategy priorities



Through the lens of our Strategy Navigator (Box 1) we see, unsurprisingly given escalating concerns on cost, that financing remains the key strategic focus for employers. But thereafter we see two major shifts in priorities. First, there is a large drop in the importance given to the benefit portfolio, reflecting the reality that employers aren't looking to expand their benefit spending or significantly increase the range of benefits offered. Instead, employers have a heightened focus on delivering an enhanced employee benefit experience and improving benefits administration and operations.

“Financing remains the key strategic focus for employers.”



A sharper focus on employee value

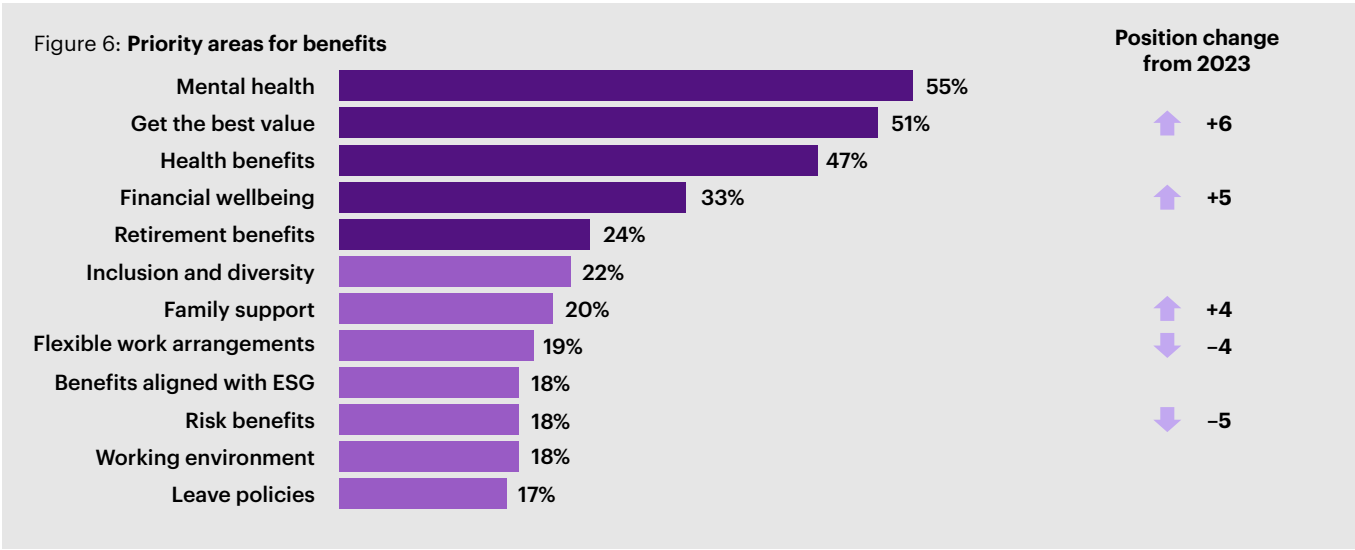
How are employers looking to deliver value in a world where cost concerns are mounting but the ambition to do more remains?

Key employee pressure points

The growing number of people reporting mental health issues is a key concern globally, and employers see mental health as the top area they wish to enhance or improve over the next three years (55% indicate it is a top priority) (Figure 6). Our [2024 Global Benefits Attitudes Survey](#) shows that around a third of employees display signs of anxiety and depression. This impacts employee performance through lower work engagement and higher levels of absence and presenteeism and is a key factor in rising health claims in many countries. Although it applies to only a minority of employees, it is the top benefit focus for many global companies.

This is followed closely by a significant rise in focus on getting the best value from benefit programs (51%, up six positions from two years ago) through enhanced communication or improved tools and decision support. The jump in the relevance of this area reflects companies' desire to extract more value from their current benefits, by assisting employees to make better use of what they currently have and improve their experience with benefits.

Health benefits (47%), financial wellbeing (33%) and retirement benefits (24%) also rank highly, reinforcing the importance of core benefits and wellbeing support. In the case of health benefits, the focus globally is on enhancing coverage, reviewing plan design, and providing preventive care and condition management programs. Reviewing plan design (including contribution rates) and enhancing employee education are key areas for improving retirement support.



As cost-of-living issues continue to impact employees, the importance of financial wellbeing has climbed (up five places compared with 2023). Family support, though not in the top list of priorities, is also an area that employers are increasingly worried about.

These shifts suggest employers are prioritizing benefits that offer more tangible impact and align more directly with workforce wellbeing and business value.

On the other hand, interest in areas such as inclusive benefits, flexible work arrangements, risk benefits and working environment has eased. The declining focus on flexible work arrangements, with companies looking to reduce the extent of remote working (24%), points to a potential tension with employees. Our [2024 Global Benefits Attitudes Survey](#) shows that around half of employees desire more remote work. As organizations consider encouraging more employees to return to the office, they should carefully consider how their employees would react and how it would impact their value proposition.

Regionally much of the story still holds: A focus on mental health and helping employees to get more value from their benefits are typically the top priorities, with a rising focus on financial wellbeing and a strong focus on core benefits (Figure 7).

Yet, some key differences emerge. The developed economies of North America and Western Europe are putting more emphasis on helping employees get more value from their benefits, potentially because benefit programs in those regions are already more advanced. By contrast, in Asia Pacific and CEEMEA, a focus on expanding and enhancing health benefits (increasing coverage) and promoting more employee education is more prominent.

“Regionally, a focus on mental health and helping employees to get more value from their benefits are typically the top priorities.”

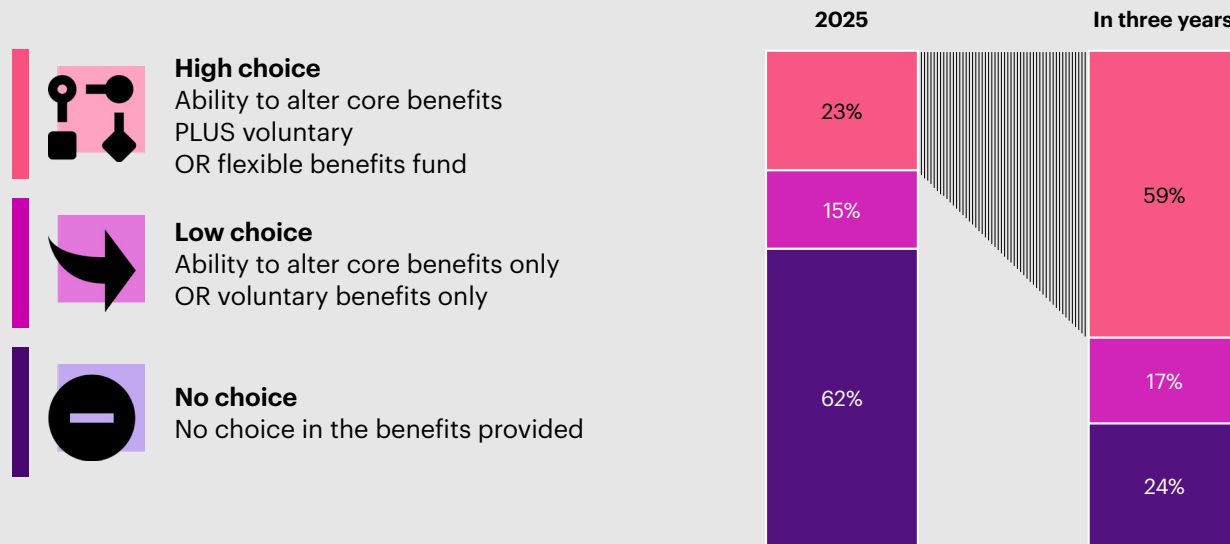
For Latin America, North America and Western Europe, health benefits remain a top priority, but the focus is different. In Latin America and Western Europe, employers focus on wellbeing, preventive screenings and adding additional voluntary benefits. North American (primarily U.S.) employers are focusing on cost management and employee affordability as well as care pathways.

Finally, while the focus on diversity, equity and inclusion has declined in most markets, it remains a key area of interest in Asia Pacific (with a particular focus on addressing gender issues). In North America, family support (e.g., childcare, elder care, and other forms of care and support for starting a family such as enhanced parental leave and fertility treatments) is a key priority.

Figure 7: Priority areas for benefits

Asia Pacific	CEEMEA	Latin America	North America	Western Europe
Mental health	Health benefits	Mental health	Help employees get the best value	Help employees get the best value
Health benefits	Mental health	Help employees get the best value	Mental health	Mental health
Help employees get the best value	Help employees get the best value	Health benefits	Health benefits	Health benefits
Financial wellbeing	Financial wellbeing	Financial wellbeing	Financial wellbeing	Retirement benefits
Inclusion and diversity	Retirement benefits	Retirement benefits	Family support	Financial wellbeing

Figure 8: **Provision of benefit choice**



Note: The numbers for “In three years” are cumulative (i.e., based on actions taken currently and action that are being planned or considered in the next three years)

Expand and enhance benefit choice

One way employers can help workers to get the most from their benefits is to provide enhanced choice and allow greater personalization in benefit choices. In doing so, employers are looking to free up current resources to allow employees to redirect spending, to tackle the issues that are most important to them.

Some countries, such as the U.S. and the U.K., already offer a wide choice to employees. We are now seeing employers in all markets planning to follow this trend with seven in 10 organizations (69%) looking to expand choice over the next three years — either expanding voluntary benefits, extending employees' ability to choose more or less generous benefit options, or providing employees with a flexible benefits allowance. Globally, this means we could move from a situation where two in five (38%) employers offer choice in benefits today to one where three in four (76%) do.



Support employee decision making and enhance the experience with benefits

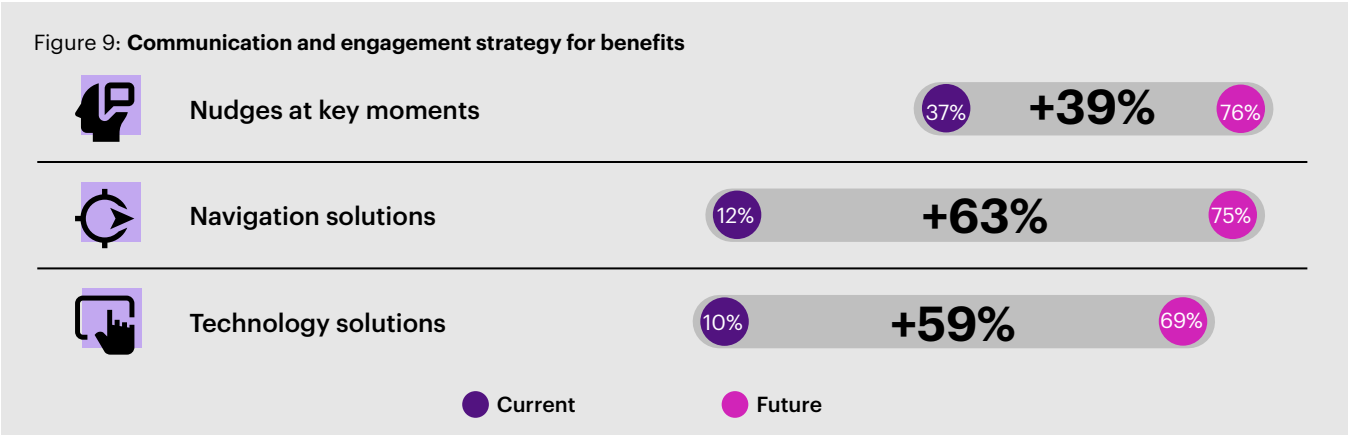
In looking to address employee key pressure points, organizations are aware they cannot be passive; they need to target messages at those most in need and at moments that matter and then have the tools in place that are responsive to employees at that moment in time, so they can "strike while the iron is hot."

Alongside the desire to enhance employees' ability to choose the benefits they want and need, organizations want to drive a better experience for employees when using their benefits. Two in five employers (41%) say that expectations of an enhanced experience with benefits is a key issue influencing their benefit strategy (Figure 1), and half of employers will prioritize helping employees get the best value from their benefits (Figure 6). This requires better communication and education about benefits, enhanced decision support tools and greater investment in employee listening strategies.

Employers already provide employees with regular communication on benefits (55%) and education to help them understand what is being offered (45%). They are now looking to move beyond this and plan to influence employee behaviors and enhance the employee experience (Figure 9).

Though currently not widely used, employers are planning significant investments in navigation (63% increase) and technology (59% increase) solutions to better support the employee experience through benefit portals, modeling tools and automated features (Figure 9). Employers are also looking at moving beyond regular communication and education toward nudges to influence employee behavior (39% increase), for instance at key life events (e.g., birthdays, births, marriages) or based on employee behavior (e.g., level of retirement saving, health decisions) when making benefit choices.

“Though currently not widely used, employers are planning significant investments in navigation and technology solutions to better support the employee experience.”



Managing the benefits bottom line with enhanced data and analytics and new capabilities

Organizations are also seeking to better manage the benefits bottom line by mining data for insights, redefining contractual terms and resetting expectations of their HR teams.

Extracting value from vendors and managing high-cost cases

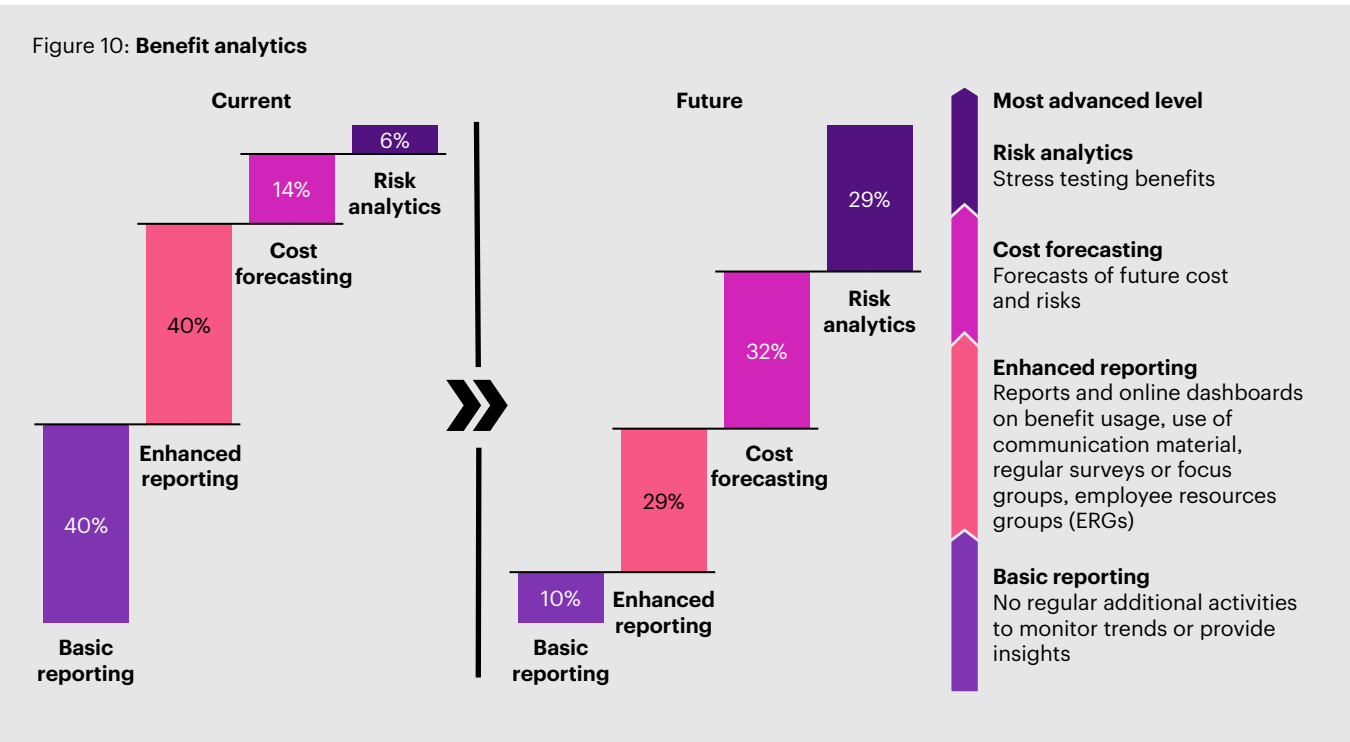
Most employers (61%) recognize they face challenges when dealing with vendors and are looking to enhance the value they get from them. More than three in five (63%) employers are renegotiating terms or switching to better-value vendors across health, retirement and risk benefits. For health benefits specifically, almost three in 10 (28%) are looking to adopt a network of preferred providers that ensure preferential rates for their employee care.

Organizations are also focusing on their greatest cost burdens. For instance, a third (32%) may adopt targeted programs to better manage high-cost health conditions. Mental health and metabolic disease are the conditions for which such targeted programs are most frequently in place today, and their use is expected to continue to grow in the future. Additionally, employers are exploring programs to address cancer, gastrointestinal disease, cardiovascular disease and women's health.

Enhanced analytics and cost forecasting

Over the next three years, companies plan to shift how they use data and analytics to improve their employee benefit strategies, moving away from basic monitoring toward more predictive and strategic analytics (Figure 10). Today, 40% of employers rely on basic reporting only (e.g., no formal analysis, trend tracking or employee input). In three years, this is expected to drop to about one in 10 organizations, with the rest looking to adopt more advanced capabilities.

A third of employers (32%) plan to forecast future costs and risks (up from 14% today). A further 29% plan to be more advanced still, where benefit programs are stress-tested to understand how they perform in different scenarios (compared with just 6% today). Ultimately, this shift enables more data-driven decision making, ensuring benefit strategies are not only cost-effective but also responsive to evolving employee needs and risks.



Benefits teams to do more

As benefits teams are expected to do more with less, enhancing their capabilities and skills will be essential to meet future needs and support organizations’ needs for greater efficiency in their operations.

Three in five organizations (62%) expect that future benefits teams will be more focused on total rewards, with the management of benefits integrated into a wider total rewards strategy.

Employers are also looking to expand the use of technology to support benefits teams on a day-to-day basis, with over half of companies (56%) reporting they plan to make increased automation a top or high priority. Here, generative AI could play a key role in assisting support for stretched HR or benefits teams in benefit operations.

Alongside this, upskilling teams is a top priority. Over half (53%) report that upskilling in analytics and data, legislation and IT will be a top or high priority, and 42% will look to enhance the expertise of their teams in newer areas of benefits (such as financial wellbeing and family support).

Overall, benefits teams are expected to become more strategic, data-savvy, and integrated with overall HR and Rewards functions. While automation and upskilling are central to this transformation, outsourcing is not widely favored (cited by only 15% of organizations as a priority), suggesting a preference for strengthening in-house capabilities.





Conclusion

Employers are navigating a complex set of pressures with heightened cost, ongoing talent pressures and evolving employee needs putting their benefit strategies under strain.

The findings from the WTW 2025 Benefits Trends Survey reveal that employers remain committed to using benefits to strengthen their employee value proposition but are taking a more disciplined approach to rebalance their benefit spend where it matters most.

They are targeting key employee pressure points (such as mental health and financial wellbeing), leveraging choice and using data analytics to balance employee experience with cost management. Increasingly this means smarter use of technology and automation, getting more value from their vendors and asking their benefits teams to step up and do more.

While challenges abound, the direction is clear: Employers are rethinking benefits not by doing more but by doing what matters, better.

Here are some key actions you can take to help deliver value in a cost-constrained environment:

- **Optimize vendor relationships:** Explore new pricing models, push for transparency and seek partners that deliver measurable outcomes.
- **Manage budgets strategically:** Tackle high-cost drivers through targeted programs that deliver long-term benefits.
- **Elevate benefits to attract and retain:** Articulate a clear value proposition through benefits — supporting employees' specific needs and reflecting the organization's broader values.

- **Recalibrate benefit spend:** Optimize existing resources to support benefit ambitions — which benefits to prioritize, how to create an enhanced employee benefits experience, and how to streamline benefits administration and operations.
- **Focus on the benefits that matter most:** Identify the areas to prioritize that are aligned with employee pressure points; use listening strategies to understand what support employees need most.
- **Personalize benefits:** Provide choice that allows employees to tailor benefits to their individual needs.
- **Help employees get more from what's already on offer:** Focus on supporting employee decisions when making choices about benefits, at moments that matter, to help guide their choices and behaviors.
- **Use data and analytics to drive strategy:** Build a benefit intelligence capability to assess impact and guide investment; this means moving beyond basic reporting to forecasting and risk scenario analysis.

About WTW

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