

What it takes to attract and retain millennial talent

New national research uncovers the changing needs and priorities of younger employees as they move into different life stages

WHITE PAPER



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COVID-19 update

The impacts of COVID-19 are far-reaching. Because the data for this paper were collected before the pandemic, we felt it was important to revisit the study to see if the situation changed millennial and Gen Z perspectives about benefits.

Our qualitative follow-up research in May 2020 revealed that the importance of benefits remains consistent. Millennial and Gen Z employees are seeking safety, security, and transparency from their employers. Messaging about security and protection are likely to resonate with them.

Employees need education about short-term and long-term disability insurance, critical illness, and accident insurance. They're unsure about what's covered, and some respondents incorrectly assumed critical illness insurance would cover COVID-19. Some millennial and Gen Z workers are also looking for answers to questions about saving for emergencies, purchasing life insurance, and understanding their investment options.

While millennials and Gen Z may be taking benefits more seriously than before COVID-19, their overall views haven't changed.

A word from the study's authors

As millennials move into different life stages, financial wellness takes on new prominence. Each year during annual enrollment, millennials embark on a process of researching, selecting and enrolling in benefits. For many, this process can be complicated, stressful and fraught with uncertainty. Outside of annual enrollment, millennials are looking for help navigating critical financial matters, such as saving for retirement, paying down student debt, managing credit and buying a home.

Benefits are an increasingly important aspect of millennials' financial wellness as their priorities continue to shift. This research seeks to uncover how employers can successfully tailor financial and insurance benefit packages – ones that anticipate and fulfill generation-specific expectations and empower employees to achieve life goals related to financial well-being. Additionally, we explore millennials' expectations of financial service providers, and what they need help with most – both in and out of the workplace.

Our collaborative research provides substantial insights into the evolving financial perceptions of millennials. We offer suggestions for how best to meet millennials' unique needs and, in doing so, build healthy long-term relationships with these individuals.

Lincoln Financial Group and The Center for Generational Kinetics are pleased to partner on this groundbreaking national research. To schedule a media interview about the study and its findings, please contact Kelly DeAngelis at kelly.deangelis@LFG.com.





STUDY RESULTS

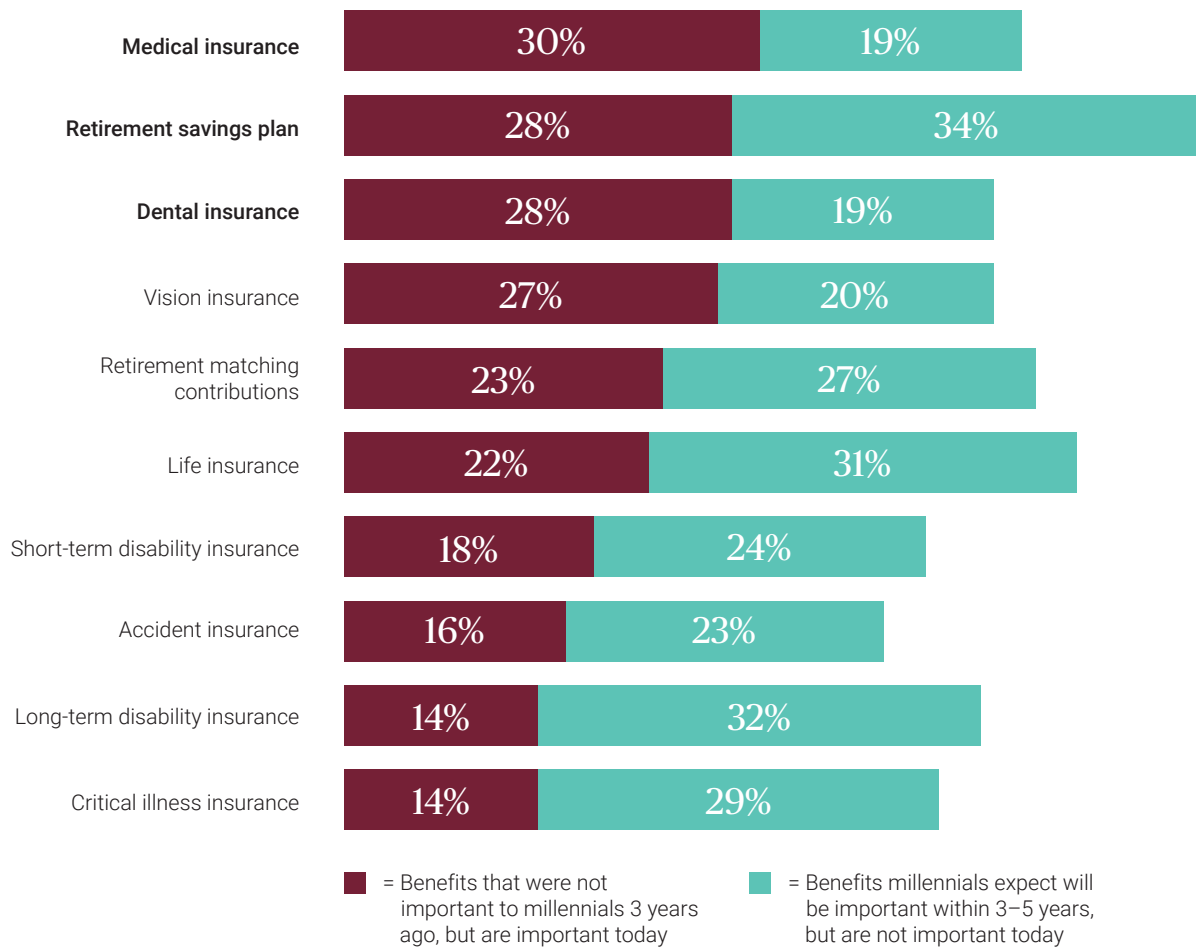
Shifts in financial priorities

Importance of insurance coverage

As millennials continue to move into and through different life stages, their level of concern about financial and insurance options continues to evolve. Just three years ago, far fewer of them deliberated over decisions about benefit package choices or thought certain aspects to be important. But today, it's a different story. Now, almost 28% indicate retirement savings plans and dental insurance are important today but were not important three years ago. And, 27% are concerned with vision insurance today.



Millennials' financial priorities are changing



Now, almost 28% of millennials indicate retirement savings plans and dental insurance have become important to them, although they were not important three years ago. And, 27% are also concerned with vision insurance. The expectation is that awareness of and concern with these options will only increase. Even higher numbers of millennials report they expect retirement savings plans (34%), long-term disability insurance (32%) and life insurance (31%) will be more important in the next three to five years than they are today.

The bottom line

As millennials progress through different life stages, their priorities change, and they are increasingly focused on things that have tremendous impact on their current and long-term financial well-being. In just the past three years, they have significantly shifted their focus on specific workplace benefits they find important. And they acknowledge these benefits will continue to grow in importance over the next several years.



Importance of workplace benefits

Think millennials are all about workplace perks? Think again! While millennials do have a reputation for appreciating perks associated with lifestyle, convenience, fitness and state-of-the-art technology, it is no longer viable to retain millennial employees without coupling these kinds of perks with a strong benefits package.

Millennials said the following factors exert an influence on them deciding to stay with an employer:



73% salary



34% flexible scheduling



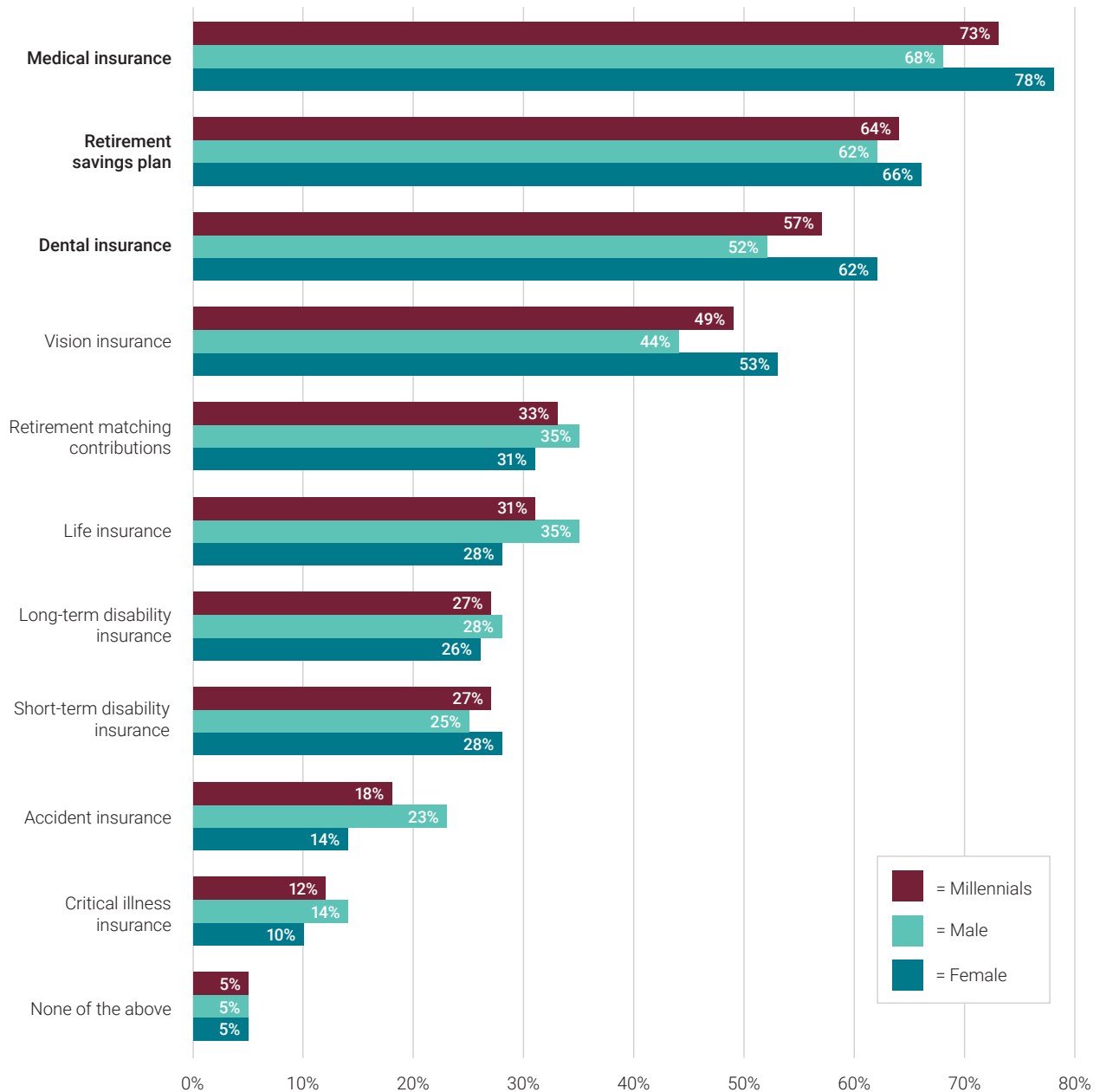
51% employee benefits



10% perks (such as free snacks or bringing their dogs to work)

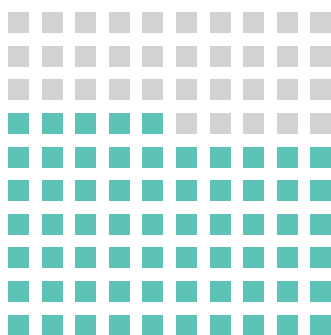
Benefits are an absolutely essential factor for millennials in the decision to accept a new job. Almost three quarters (73%) said medical insurance was an absolute must-have. Retirement savings plans and dental insurance were also at the top of the list, with 64% and 57% rating these two benefits as vital. Although men and women ranked these three benefits in the same order, there were differences between the genders. Medical insurance was ranked most important and absolutely necessary by 78% of women and 68% of men. Next, 66% of women and 62% of men rated retirement savings plans as a must-have, and finally, 62% of women and 52% of men said they absolutely must have a dental plan.

Required employer benefits for millennials to accept a job



Interestingly, millennials in households earning \$100K+ annually were much more likely than those with lower incomes to rate a matching employer contribution to their retirement plan, as well as life, accident and long-term disability insurance as must-have benefits.

In addition to those who consider these to be must-have benefits, many millennials said they would be much more likely to accept a job with a company that offers a match in their retirement savings plan (53%), medical insurance (49%) and retirement savings plans (43%).



65% of millennials

said they would take a job that pays 10% less but offers much better benefits

Benefits matter when it comes to retaining employees, too. Forty-four percent of millennials have turned down a job because the employer didn't offer the benefits they wanted, and more than half (57%) have stayed in a job they didn't like because the job offered good benefits. In fact, benefits are so important, 65% of millennials (and 70% of millennial men) said they would take a job that pays 10% less but offers much better benefits.

And, the newest generation to enter the workforce (Gen Z), is already exhibiting a similar emphasis on benefits. Two thirds of the oldest members of Gen Z, now in their early 20s, said benefits are either extremely or very influential in their decision to accept a job, and just over one third (35%) rated employee benefits as the most important consideration for a new job. Perhaps most important, 91% of Gen Z said a great employee benefits package would convince them to work longer at their first full-time job.

The bottom line

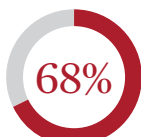
Significant numbers of millennials, and even members of the younger Gen Z cohort, make decisions about sticking with an employer or moving to a new job based on benefits. They have not abandoned the less-traditional perks they have always wanted, but those just sweeten the deal, and are not enough to convince them to stay in a job or to take a new job. Workplace benefits, especially medical insurance, retirement, dental and vision coverages are all significant influencers and decision-swayers as both of these generations progress through the stages of their lives.

Focus on retirement



73%

of millennials say medical insurance is an absolute must-have benefit



Male

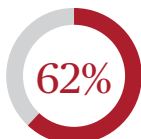


Female

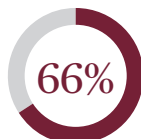


64%

of millennials say a retirement savings plan is another must-have benefit



Male



Female

One of the persistent perceptions about millennials is their craving for instant gratification. On the surface, this means they could not be interested in saving for retirement because it's just too far out on the horizon, right? Only, that's not what the research found.

For millennials (64%), and even Gen Z (60%), retirement savings plans are ranked second only to medical insurance as a benefit that absolutely must be offered to accept a job.

Retirement has come into focus for millennials over the past three years. More than one quarter (28%) indicated retirement savings plans are important to them now, even though this benefit was not important just three years ago. And even more millennials (34%) affirmed retirement savings plans will increase in importance over the next three to five years.

Guaranteed retirement income is important to millennials. So important, in fact, that more than two thirds (68%) say they are willing to pay more in order to convert some or all of their retirement savings into a guaranteed monthly income when they retire. And, for those earning less than \$35K, the importance jumps significantly, up to 75%.

As their attention converges on long-term goals, greater numbers of millennials place more importance on preparing for the future. Only 36% of this generation say that paying off student loans is more important than saving for retirement. This doesn't mean student debt isn't important to them, only that the balance in priorities is changing.

The bottom line

Most millennials have taken to heart the message that they need to save for retirement. As retirement continues to gain greater significance and exert more influence on present behaviors and career-related decisions, employers must responsively offer retirement options that address the unique needs of this generation.

Financial advice

Millennials are the first to admit they need help with their finances – 53% say they are not sure where to turn when it comes to understanding or making decisions about financial issues.

And, they are hungry for advice. Almost half (48%) said they have a personal financial question they would love to get answered, but they don't know who to ask. At the same time, although they are often perceived as vastly preferring digital learning, most are open to a one-on-one meeting with a financial professional. When asked how they would most like to learn about financial services, meeting individually with a professional was the top choice. Yet, 43% have no experience with financial experts.

Nonetheless, despite their lack of personal experience with financial professionals, 85% of older millennials, and 78% of younger millennials, selected them as one of the most trusted sources of financial advice. This is incredibly close to the level of trust associated with friends and family members (over 85% for both older and younger millennials) and information provided by employers (85% for older millennials and 79% for younger).

Financial professionals are one of the most trusted sources of financial advice amongst millennials

The bottom line

Millennials know they need help understanding and planning for their financial future. Further, they are extremely interested in meeting with financial professionals, and view them in a positive light given the high level of trust indicated by this research.

Older millennials (ages 31 – 42)

85%

Younger millennials (ages 24 – 30)

78%





STUDY IMPLICATIONS

Attract and retain millennial talent by meeting young employees' needs



Benefits

Millennials care about benefits more and more, but they need help understanding and choosing their benefits. The top two approaches millennials opt for before making a choice between benefit offerings are reviewing benefit information from their employer (51%) and doing their own research online (42%).

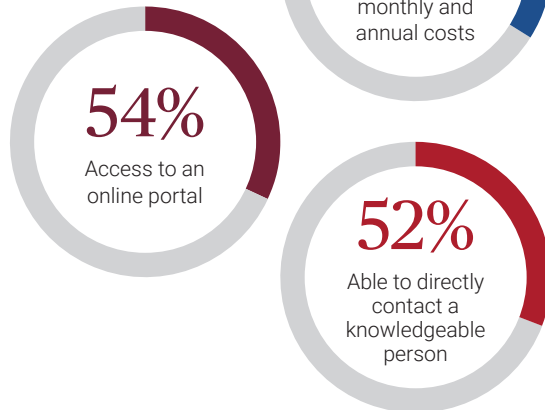
At the same time, 62% of millennials have given up searching for information about benefits because it was just too overwhelming or confusing.

This is crucial, because 89% said understanding the benefit and how it works is the most important factor in deciding which benefits to choose. Following close behind, behind as the next most important factor (88%), is knowing the cost of the benefit. And, the third most important factor, selected by 81%, is the ability to pay for the benefits through automatic deductions.

But these needs are not being met. Almost half of millennials said the most frustrating aspect of selecting insurance and benefits is the difficulty of understanding the exact costs for various choices (47%) and simply understanding different plans and options (46%).




Perhaps more importantly, the research indicates millennials do not understand how their coverage works even after they have enrolled. Fewer than half feel like they can explain life insurance, financial advising, accident insurance or other insurance coverages.

Most helpful in alleviating frustration and confusion for millennials



How can we address these gaps? When asked what would be most helpful in alleviating frustration and reducing confusion, 57% want to be shown the exact monthly and annual cost for each plan or product; 54% want access to an online portal that explains plan options and costs, including videos; and 52% want to be able to directly contact a knowledgeable person to answer their questions. Finally, the majority (72%) prefer between two and four weeks to consider their benefits options and make a decision.

What is the best way to deliver information to millennials? They like a variety of channels.

-  Access to a website where they can educate themselves
-  One-on-one access to an HR professional who can answer questions not addressed on the website
-  Printed copies of information to take with them for future reference

The bottom line

Millennials are often unfamiliar with financial planning and insurance options. Developing a guide to understanding these offerings will go a long way to winning their trust and business. Millennials often need a little more time than the traditional two weeks to understand their options and make decisions regarding insurance plans. Providing information through a variety of channels, direct access to HR professionals and simple clear information on costs associated with different options can clear up confusion and alleviate levels of frustration presently experienced by many millennials.

Retirement

Saving for retirement

34%

of millennials agree that this is the most important financial topic they want help with:

- 37% older millennials
- 29% younger millennials

As saving for retirement grows in importance for millennials, so does becoming more knowledgeable about plan options. More than one third (34%) of millennials (and 37% of older millennials) selected saving for retirement as the most important financial topic they want help with. Almost twice as many millennials (65%) want to understand how much they need to save now so they can retire when they want.

Millennials want to learn more about the implications of their choices, and they value education from their employer – 73% of millennials (and 80% of women) think financial education should be something employers provide for every employee. These percentages track almost identically with Gen Z (74% overall, and 80% of women).



The bottom line

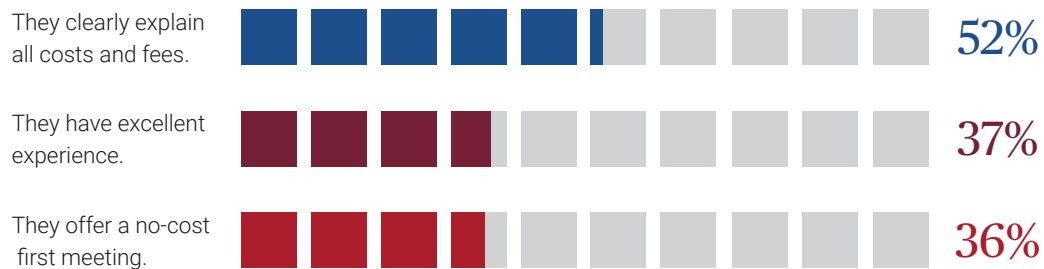
Millennials, and even the younger Gen Z, are thinking about their long-term financial wellness. They view retirement as an important financial topic they need help with, and they look to their employers to help them understand the costs, benefits and implications of varied options. Develop and offer materials to answer younger generations' retirement savings questions in a clear and concise way, including definitions, FAQs, stories about "others like me" and suggested action steps.

Financial advice

Millennials are open to establishing a relationship with a financial professional. In fact, they rated a one-on-one meeting with a financial expert as the preferred way to learn about available options.

At the same time, they are concerned with cost and value. More than half (52%) say a clear explanation of all costs and fees is the top factor that would influence them to work with a professional. Next in importance is someone who has excellent experience (37%) and a professional who offers a no-cost first meeting. And, millennials are very clear about the financial topics that matter most to them. At the top of the list is saving for retirement followed by budgeting, credit problems and investing.

Top reasons millennials would work with financial professionals



The bottom line

Millennials value professional advice, but they also need to see the value of that advice. Transparent fees, excellent experience and no-cost initial meetings are all effective ways to demonstrate value. And when reaching out to millennials, consider discussion of the topics that matter most to them, such as saving for retirement and budgeting.

Research conclusions

As millennials move through various life stages, their needs and priorities also change – especially those tied to current and future financial wellness. The past three years have already seen significant shifts in the workplace benefits that millennials find important. And, as they look further into their future, they acknowledge these and other similar benefits will continue to grow in importance over the next several years.

Yet, as their attention to benefits, retirement and financial advice increases, millennials' need for information, understanding and reliable relationships with trusted experts has grown even more.

Millennials no longer need to be convinced about the importance of these issues. What they need now is access to resources that can help them make informed choices about current benefit plan options, and solid decisions about retirement and financial investment strategies that will help them achieve their long-term objectives.

Here are four key takeaways from the national study to make the most of this opportunity:

1. Benefits exert powerful influences on job decisions.

64% of millennials say offering a retirement savings plan is an absolute must for them to accept a new job. 57% of millennials say the same for dental insurance and 49% for vision insurance. 65% say they would take a job that pays 10% less if the benefits are better.

2. Future planning influences job decisions now.

Two thirds of millennials (and even 60% of Gen Z) rate retirement savings plans as a critical factor in job decisions. Future guaranteed income is so important, more than two thirds said they would be willing to pay to convert some or all of their savings to guaranteed monthly income when they retire. That number jumps to 75% for millennials earning less than \$35K.

3. Guidance and education is needed on financial topics.

Millennials know they need professional advice on financial plans and options, but they don't know where to look for help. Regardless of their inexperience with financial experts, 85% of older millennials and 78% of younger millennials selected them as one of the most trusted sources of financial advice. Professionals who provide transparent fees, have excellent experience and who offer a no-cost initial consultation are most likely to win their confidence and loyalty.

4. Cost clarity is crucial.

Understanding the benefit and its cost are the two most important considerations (selected by 89% and 88% of millennials, respectively) in choosing between plan options. But these needs are not being satisfied in their minds. Almost half of millennials say the most frustrating aspect of selecting benefit packages is understanding what the plans offer and how much they cost.

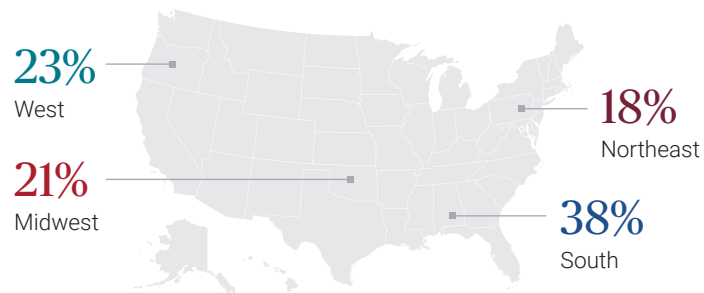
Methodology

- This study consisted of two surveys – one for millennials and one for Gen Z. The surveys were designed collaboratively by Lincoln and the Center for Generational Kinetics.
- The millennial survey was administered to 1,002 U.S. respondents ages 24–42 who are currently employed full-time or part-time and have access to any non-medical insurance benefits through their employer or have purchased these benefits on their own.
- The Gen Z survey was administered to 500 U.S. respondents ages 18–23.
- Both samples were weighted to the U.S. Census for age, region, gender and ethnicity. Responses were collected online from August 16, 2019, to August 21, 2019. Figures are statistically significant at the 95% confidence level. Margin of error for the millennial data is +/-3.1 percentage points. Margin of error for the Gen Z data is +/-4.4 percentage points.

1,002

**Millennial respondents
(ages 24–42)**

- **35%** younger millennials
(ages 24–30)
- **65%** older millennials
(ages 31–42)



About the authors



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The Center for Generational Kinetics

The Center for Generational Kinetics is the leading research, speaking, and solutions firm focused on Generation Z, millennials and solving cross-generation challenges. The Center's team of PhD researchers, strategists and speakers help leaders around the world solve tough generational challenges in areas ranging from leading across multiple generations in a global company to selling and marketing to millennials and Gen Z.

Each year, The Center works with over 180 clients around the world, from car manufacturers and global hoteliers to insurance companies, hospital groups and international software firms. The Center's team is frequently quoted in the media about the effect of generational differences on everything from shopping and parenting to work style and social media.

- Learn more about The Center at GenHQ.com.

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