



RESEARCH PAPER

Essential Benefits: A New North Star for Wage and Benefit Design

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Executive Summary

Every year, employers in America spend trillions on wages and benefits for their workers.¹ To stay competitive in hiring and retaining workers, companies and their leaders must wade through a dizzying and ever-growing array of potential compensation options.

Despite this spending, the vast majority of workers in America remain financially unhealthy. What’s more, very little is known about what specific solutions (or combination of solutions) actually improve employee financial health. How can employers know if they are offering their workers the right mix of wages and benefits? With limited budgets, staffing, and time, how can companies make informed choices to improve financial outcomes for their workforce?

This report begins to answer these questions. Drawing on a nationally representative survey of workers ages 18 and older, our research examines the landscape of household wages and employee benefits availability in 2025. It features a first-of-its-kind analysis to identify which elements of total compensation (e.g., wages, benefits, and policies) are associated with higher levels of financial health. **Our approach offers a new lens for evaluating benefits, focused on what matters most: the financial well-being of the workforce.**

Financial health is a holistic concept that refers to a household’s ability to spend, save, borrow, and plan in ways that allow them to be secure and pursue opportunities.



The Financial Health Network developed the **FinHealth Score®**, ranging from 0 to 100, to measure and understand relative levels of household financial health.



¹ “Employer Costs for Employee Compensation – December 2024,” Bureau of Labor Statistics, March 2025.

Key Findings

Earning a living wage is linked to stronger financial health.

A living wage – defined as the earnings a full-time worker must earn to cover the basic needs for a family of four with a working spouse – is strongly associated with financial health scores that are, on average, 6 points higher than workers who do not.² Living wages are more common among groups that historically report higher levels of financial health: men, people who are white or Asian, those with post-secondary degrees, employees in more traditional employment roles, and those working at larger companies.

Access to benefits is not always sufficient for financial health.

Several common benefits – retirement, health insurance, and paid family leave for caregivers – are positively associated with financial health, even after controlling for wages, demographics, and other factors. However, our data shows that benefit design matters. Access alone is not always enough to improve financial health outcomes. For example, workers offered retirement plans with matching contributions are 21 percentage points more likely to participate than those who are not offered a match.

Several emerging benefits are associated with higher financial health scores.

A number of less common, or emerging, benefits are associated with higher financial health scores. These include emergency savings accounts, child care subsidies, and home-buying assistance. While evidence is accumulating for some of these benefits, others require further research to assess efficacy and scalability.

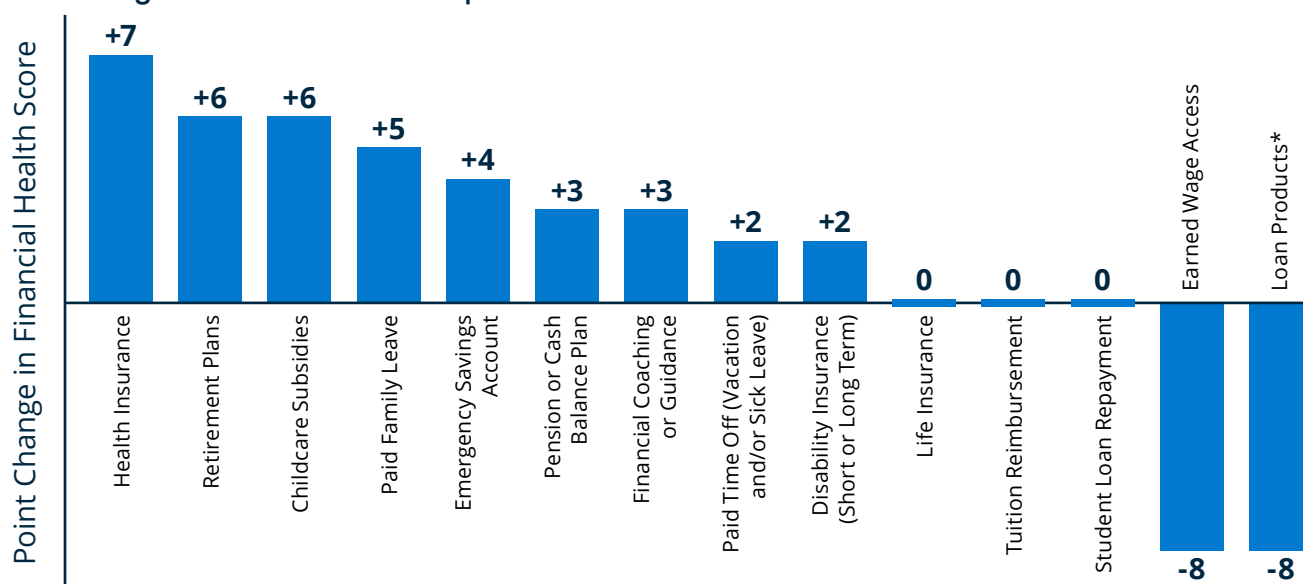
Certain benefits show limited or negative associations to financial health, but context matters.

In some cases, offerings such as life insurance (triggered by a precipitating event) show neutral associations to financial health. This makes sense given that the benefit of life insurance accrues to the beneficiaries following the death of the policyholder. For beneficiaries, the value of life insurance could be significant. Loan and earned wage access products (often used by people who may already be struggling financially) showed negative associations. Solutions with negative associations are not necessarily “bad” – they may solve immediate challenges, help people avoid more costly interventions, and gain access to capital that is otherwise unavailable – but these solutions alone are unlikely to help people climb the financial health ladder. Additional research is needed to fully flesh out the relationship of these solutions to financial health.



² The Living Wage Institute also offers measures to calculate living wage for an individual person, living alone. We have opted for the 4-person (2 working adults, 2 children) to provide a measure for a typical family.

Figure ES1. The relationship between Essential Benefits and Financial Health Score



Note: Numbers in this chart represent the coefficients of each benefit in a multivariate regression model. Please see the Appendix for more details on our methodology and results.

*Loan products include small dollar loans, personal loans, or mortgages.

Benefit access varies and depends on the type of employment.

Core benefits like retirement, health insurance, and paid leave are relatively common at the household level. But workers in nontraditional employment arrangements – including independent contractors, business owners, or gig workers – have significantly less access to benefits through their work.³

Financially Healthy workers report a greater intention to stay at their jobs.

Financial security is a known driver of employee satisfaction and productivity.⁴ Our research reinforces this link: workers in Financially Healthy households more frequently report an intention to stay with their employer.

Employee retention leads to improved productivity and long-term cost savings.

High employee turnover can leave organizations understaffed and unprepared, forcing them to maintain the same level of performance with fewer people. This directly hurts output through lost sales revenue, delayed research and development, or reduced potential growth.⁵ As a result, productivity drops and the organization's overall impact decreases. Replacing employees – especially highly skilled ones – can often take months, especially during economic downturns or within lean companies with minimal redundancy, making each loss acutely painful.⁶ High turnover not only reduces employee performance and morale, but drives up expenses. The cost of replacing an individual employee can range from one-half to two times the employee's annual salary, which even for smaller firms could result in millions of dollars in annual expenses.⁷

³ "Nontraditional Workers Lack Access to Workplace Retirement Options," The Pew Charitable Trusts, October 2021.

⁴ Yeong-Hyun Hong, Michael T. Ford, & Jaehee Jong, "Employee benefit availability, use, and subjective evaluation: A meta-analysis of relationships with perceived organizational support, affective organizational commitment, withdrawal, job satisfaction, and well-being," Journal of Applied Psychology, July 2024.

⁵ Lisa Wallace, "Five Hidden Costs Of Employee Attrition," Forbes, March 2023.

⁶ Regina Dyerly, "The Myth of Replaceability: Preparing for the Loss of Key Employees," Society for Human Resource Management (SHRM), January 2025.

⁷ Shane McFeely and Ben Wigert, "This Fixable Problem Costs U.S. Businesses \$1 Trillion," Gallup, March 2019.

INTRODUCTION

Wage and Benefit Strategies That Improve Financial Lives

Each year, employers must decide where to invest their wage and benefit dollars. With a wide array of options available, many rely on market-based surveys to identify competitive wages and benefits packages that attract and retain talent. While these surveys help employers benchmark against industry standards, they fall short of answering a more critical question: **Which wage and benefit elements actually improve employees' financial lives?**

There is limited information available to guide employers on the blend of wages and benefits that most effectively support employee financial health and overall well-being. In the absence of comprehensive data, the benefits landscape is flooded with solutions and aspirational claims of impact. Many mid- to large-sized employers offer upwards of 50 benefits to their workforce.⁸ As a result, we see employers spending significant resources on programs that may or may not drive improvements in their workforce's financial health, and ultimately, their business performance.

The stakes are high. Labor is often a business's single largest expense.⁹ Trillions of dollars are spent on benefits annually: more than 30% of every dollar employers spend on their employees goes to benefits.¹⁰ In 2024, health benefits alone comprised \$1.3 trillion, and total spending on workplace wellness programs is projected to exceed \$90 billion.^{11,12}

Despite these benefit options, the vast majority of American workers are struggling financially. Only 30% of households are considered Financially Healthy, according to the latest Financial Health Pulse® data.¹³ The remaining 70% struggle in one or more areas of their financial lives: meeting expenses, building savings for the near and long term, managing debt, or planning for the future.

30% of households are Financially Healthy.

The remaining 70% struggle in one or more areas of their financial lives:

- Meeting daily expenses
 - Building savings for the near and long term
 - Managing debt
 - Planning for the future
-

We know employees care deeply about the wages and benefits offered by their workplace. Research shows that benefit availability is associated with job satisfaction, employee commitment, and intent to stay.¹⁴ We also know that workers experiencing financial struggles perform worse at work, costing

⁸ "2023 Hot topics in employer wellbeing," Alight Solutions, 2023.

⁹ "Laborwise: A powerful lens for unlocking hidden sources of labor overspend," Deloitte, 2017.

¹⁰ "Employer Costs for Employee Compensation – December 2024," Bureau of Labor Statistics, March 2025.

¹¹ Allison Bell, "CMS: U.S. employers to spend \$1.3T on health benefits this year," BenefitsPRO, June 2024.

¹² Jazz Croft, Acacia Parks, & Ashley Whillans, "Why Workplace Well-Being Programs Don't Achieve Better Outcomes," Harvard Business Review, October 2024.

¹³ Andrew Warren, Wanjira Chege, Kennan Cepa, & Necati Celik, "Financial Health Pulse®: 2024 U.S. Trends Report," Financial Health Network, September 2024.

¹⁴ Yeong-Hyun Hong, Michael T. Ford, & Jaehee Jong, "Employee benefit availability, use, and subjective evaluation: A meta-analysis of relationships with perceived organizational support, affective organizational commitment, withdrawal, job satisfaction, and well-being," Journal of Applied Psychology, July 2024.

U.S. businesses an estimated trillions of dollars each year.^{15,16,17,18,19}

The implications extend far beyond the traditional workplace. Contract workers, gig workers, and “side hustle” workers have challenged our understanding of how people engage with work. As the nature of the “workplace” changes rapidly, old models for benefit provision may no longer hold – raising important implications for program and policy design.

In this paper, we share results from a first-of-its-kind analysis of the relationships between wages, benefits, and employee financial health. Organized into two sections, the first part presents our research findings, based on a nationally representative survey of the employed population in the United States. We identify the most prevalent benefits among American workers, as measured by access and takeup, and analyze which benefits are most strongly associated with financial health.

In the second part of this report, we seek to make these implications into concrete findings for readers. Leveraging the expertise and experience of Financial Health Network’s Workplace Solutions team, we provide recommendations, next steps, and insights to help both workers and organizations thrive.

Together, this analysis provides a new lens that employers, benefit providers, policymakers, and other stakeholders can use to guide the systemic adoption of total compensation programs that support employee financial well-being. We invite employers seeking to boost productivity and attract, retain, and support employees – and policymakers charged with adapting benefits to a new world of employment – to join us as we build on this foundation and expand access to and uptake of the most effective tools for financial health.



¹⁵ Vagner F. Rosso, Lucía Muñoz-Pascual, & Jesús Galende, “Do managers need to worry about employees’ financial stress? A review of two decades of research,” *Human Resource Management Review*, September 2024.

¹⁶ Jirs Meuris & Carrie Leana, “The Price of Financial Precarity: Organizational Costs of Employees’ Financial Concerns,” *Organizational Science*, May 2018.

¹⁷ Camden Cusumano & Dee Warmath, “Mind the gap: Investigating how financial well-being shapes job satisfaction through burnout,” *Journal of Workplace Behavioral Health*, December 2024.

¹⁸ “Mental Health, Brain Health and Substance Use,” World Health Organization (WHO).

¹⁹ Ryan Pendell, “Employee Engagement Strategies: Fixing the World’s \$8.8 Trillion Problem,” *Gallup*, September 2023.

Research Findings: A New Study to Understand Essential Benefits

Methodology

This report utilizes a unique approach that leverages multiple data sources and analytical methods to advance the knowledge base about wages, benefit access and use, and how compensation intersects with employee financial health. Data sources and terms are introduced here and discussed in further depth in the [Appendix](#).

Survey Overview

To gather worker experiences about employment status, wages, benefits, and financial realities, the Financial Health Network surveyed a nationally representative sample of workers (defined as U.S. adults aged 18 and older working full- or part-time), drawn from a probability-based online panel. Data was collected from January 27 to February 24, 2025, in both English (n=7,899) and Spanish (n=200). The margin of sampling error for the complete set of weighted data is ± 1.6 percentage points.

All differences in text are statistically significant with 95% confidence, except where noted. Percentages are rounded to the nearest integer; as a result, not all sum to 100%.

Living Wage and Financial Health Calculations

LIVING WAGE

We utilize the “[Living Wage](#)” methodology developed by MIT and the Living Wage Institute to understand the living wage status of survey respondents. A living wage is defined as the earnings a full-time worker must earn to cover the basic needs for a family of four, with a working

spouse contributing half of the family’s income.²⁰ It is adjusted to account for geographical differences in cost of living.

Living wage assumptions incorporate factors such as family structure (e.g., number of earners, presence of children) and location (e.g., county). Basic need categories are defined as childcare, food, healthcare, housing, internet and mobile, transportation, civic engagement, income and payroll taxes, and other necessities. The living wage provides an important benchmark of the minimum amount an individual needs to earn – alongside a working spouse – to meet their family’s needs and achieve self-sufficiency.

For simplicity, we refer in this paper to “earning a living wage,” referring to total household earnings, including that of a working spouse.

FINHEALTH SCORE®

We also use survey data to calculate, for each respondent household, a FinHealth Score® that ranges from 0 to 100. Scores are based on eight survey questions on topics like sufficiency of income, short- and long-term savings, debt, insurance, and planning behavior. The Financial Health Network measures financial health at a household level; therefore, we assume any individual in a household shares the same financial health status. Thus, this paper refers to both “worker financial health” and “respondent financial health.”

Respondents with scores between 0 and 39 are considered “Financially Vulnerable,” a group characterized by significant struggles with financial health. Workers with scores ranging between 40 and 79 are defined as “Financially

²⁰The Living Wage Institute also offers measures to calculate living wage for an individual person living alone. We have opted for the 4-person (2 working adults, 2 children) to provide a measure for a typical family.

Coping,” and those with scores of 80 to 100 are “Financially Healthy.”

Household Benefit Access and Takeup

In addition to wages, our survey asked respondents about their access to a number of benefits, either through their work or the work (if applicable) of a partner or spouse.²¹ We also explored the concept of takeup, meaning whether anyone in the household had enrolled in or used an available benefit.²²

Our data adds to the knowledge landscape of benefits access and takeup in several ways. First, it includes self-reported data from individuals working in a variety of arrangements – not only traditional full-time or part-time employees – but also independent consultants, business owners, or those with multiple jobs. Secondly, we use the household as our primary unit of analysis, rather than the individual worker, recognizing that many benefits affect household financial well-being ([Table 1](#) shows benefit access and takeup at a household level; additional tables with detail on access through the respondents’ job(s) are included in [Appendix A](#)). Together, these factors contribute to a more comprehensive view of benefit availability and use.²³

At the household level, we find relatively high levels of benefit access. Across all households surveyed, the majority of workers reported at least some

access to many core benefits: health insurance, retirement, and paid leave (see [Table 1](#)).

- 83% of respondents had access to **health insurance**, either through their own employer or that of a spouse or partner.
- 84% of respondents reported that at least someone in the household has access to **paid time off**.
- 78% of respondents said that someone in their household has access to a **workplace defined contribution retirement plan**, such as a 401(k), and 28% said that they or another household member has access to a **defined benefit pension**.
- 69% of respondents said they or someone in their household has access to at least some **life insurance coverage** through an employer.

Consistent with other research, the reported takeup of these common benefits is generally high.^{24,25} In contrast, emerging benefits remain far less common. These newer offerings are not yet widespread, but some are likely to become more prevalent in the future. For example, while just 10% of workers reported access to workplace emergency savings accounts, this figure is likely to rise given the prominence of such accounts in recent policy discussions.²⁶ Similarly, earned wage access has expanded dramatically in recent years, and now 15% of respondents report having household access, with particularly high levels among retail workers (see [Table A3](#)).

²¹ The benefits covered are not comprehensive. For example, we exclude elements like professional development and health/wellness programs, as well as mandatory benefits like unemployment insurance. These benefits were selected based on their prominence, policy implications, and/or likely relevance to financial health and well-being.

²² Respondents were asked, for each benefit category, “Which of the following are currently offered to you at your job / at any of your jobs (even if you do not personally use that benefit)?” Separately, individuals with a partner or spouse were asked, “Which of the following are currently offered to your spouse or partner through their job / any of their jobs (even if they do not use the benefit)?” For anyone who indicated access to a benefit (either through their work or the work of a partner), we subsequently asked whether they were currently enrolled in a given benefit (for benefits like insurance or retirement), or used the benefit in the last 12 months (for benefits like paid leave).

²³ These explain some of the reasons why our figures may differ from other datasets, such as the [Bureau of Labor Statistics](#) (BLS), which surveys employers about benefit access and takeup as part of the National Compensation Survey. BLS data also covers the civilian population (comprising private industry and state and local government), which excludes federal government workers and the military, whereas our sample covers the full working population. At the same time, our data are subject to respondent recall.

²⁴ “[Employee Benefits](#),” U.S. Bureau of Labor Statistics.

²⁵ The exceptions here are the paid leave arrangements, which are only applicable under certain circumstances. For example, while only 10% of respondents with access to parental leave have used it in the last 12 months, 78% of those who have a child under 12 months of age reported using the benefit.

²⁶ For example, the Secure 2.0 Act, a law that aims to enhance retirement savings, has raised the prominence of emergency savings accounts among employers. Such accounts have also been the recent focus of research initiatives. For further information, see [BlackRock’s Emergency Savings Initiative](#); Emerson Sprick, Mathieu Despard, & Stephen Roll, “[Moving Forward from SECURE 2.0](#),” Bipartisan Policy Center, March 2025; and Jason Herman, “[New research reveals clear ROI: How emergency savings improved job performance](#),” SecureSave, October 2024.

Table 1. Most households have at least some access to benefits like health insurance, retirement, and paid time off through an employer.

Access and takeup of employer benefits at the household level.

Core benefits	Access	Takeup
Health insurance ²⁷	83%	68%
Retirement plans (e.g., 401(k), 403(b), or Thrift Savings Plan (TSP))	78%	85%
Life insurance	69%	73%
Disability insurance (short-term or long-term)	65%	59%
Paid time off (vacation and/or sick leave)	84%	90%
Paid parental leave	51%	10%
Paid family leave	50%	18%
Other paid leave (e.g., bereavement, jury duty, or sabbatical)	67%	30%
Pension or cash balance plan ²⁸	28%	72%
Emerging benefits	Access	Takeup
Tuition reimbursement	33%	15%
Financial coaching or guidance	30%	23%
Earned wage access ²⁹	15%	45%
Student loan repayment	11%	18%
Emergency savings account	11%	38%
Subsidies to pay for childcare	9%	18%
Loan products (e.g., small dollar loans, personal loans, or mortgages)	10%	31%
Home-buying assistance (e.g., down-payment subsidy)	5%	20%

* Access figures include the percentage of respondents who report having access to a given benefit either through their employer(s), or through their spouse/partner's employer(s) if there is an employed spouse/partner in their household. Takeup is calculated as the proportion of workers with household access who report being enrolled in or using the benefit.

²⁷ We also queried respondents about access to dental or vision insurance. However, respondents reported a higher level of access to dental and vision than expected, likely as a result of limited access through a health plan rather than through a separate dental or vision plan. Given the probability of respondent confusion, we have elected not to include these results in our analyses.

²⁸ The Congressional Research Service finds that, among civilian workers, 24% have access to a defined benefit plan and 19% participate, implying a takeup of 79%. This figure includes all private industry and state and local government workers and excludes federal government, military, and agricultural workers. See "[Worker Participation in Employer-Sponsored Pensions: Data in Brief and Recent Trends](#)," Congressional Research Service, May 2025.

²⁹ Our [FinHealth Spend Report 2024](#) finds that 7% of employed households had access to earned wages access via their employer.

Beyond the W-2: A Misaligned Benefit Model

Surveys and datasets have long struggled to capture the full spectrum of people's relationships to work, hampering the collection of definitive data on work arrangements and the availability and use of benefits. A few examples of existing research include:

- Research from the Financial Health Network finds that 11.4% of U.S. workers – approximately 19 million workers – are employed in nontraditional jobs, like independent contracting, gig work, freelancing, consulting, working odd jobs, or side hustles.³⁰
- Pew found that, due to varying datasets and definitions, estimates of nontraditional work range from 3.8% to 40% of the American workforce.³¹
- A National Bureau of Economic Research study found that nearly 10% of people who initially reported being employees were, in fact, independent consultants, suggesting a sizable proportion of the population misunderstands their own work arrangement.³²
- Of nearly 35 million small businesses in the United States, 82% have no employees, making it difficult to distinguish between independent contractors and many small business owners.³³

Our survey sought to capture nuance in the wide array of relationships that people have to paid work. We asked a series of questions



11.4%
– about 19 million –
of U.S. workers are
in nontraditional jobs

about the nature of one's work, ultimately categorizing respondents in four groups: traditional employees, independent contractors, business owners, and other arrangements (including those who reported that their work included some elements of on-call work, temp work, or gig work). Those in nontraditional work arrangements account for 43% of the respondent population. (For questions and definitions, see [Appendix B](#).)

Despite this diversity in work arrangements, full-time, W-2 employment has remained the primary mechanism for benefits delivery. This poses challenges for scaling access to and uptake of benefits among nontraditional workers. Indeed, our survey finds that people who report working as independent

³⁰ Wanjira Chege & Kennan Cepa, "[Pulse Points: Main Gig or Side Hustle? Nontraditional Work and Financial Health](#)," Financial Health Network, March 2025.

³¹ "[Nontraditional Workers Lack Access to Workplace Retirement Options](#)," The Pew Charitable Trusts, October 2021.

³² Katharine G. Abraham, Brad Hershbein, Susan N. Houseman, & Beth Truesdale, "[The Independent Contractor Workforce: New Evidence On Its Size and Composition and Ways to Improve Its Measurement in Household Surveys](#)," National Bureau of Economic Research, March 2023.

³³ "[Frequently asked questions about small business, July 2024](#)," U.S. Small Business Administration, July 2024.

contractors, business owners, or some other work arrangement all report lower individual access to benefits compared with traditional W-2 employees across almost every benefit analyzed ([Table A1, Appendix A](#)).

Some nontraditional workers may compensate for a lack of benefits in their work by leaning on a spouse or partner (and conversely, a spouse or partner with benefits may enable some individuals to take on less traditional work roles). We find that independent contractors and business owners, specifically, report accessing benefits through a spouse or partner at a higher rate than more traditional employees.³⁴ Yet spousal or partner access does not fully close the gap. Independent contractors, small business owners, and people with other work

arrangements still report lower access to most benefits at the household level.

Similar trends are seen among part-time employees, workers at firms with fewer than 100 employees, or those holding multiple jobs. Such individuals report lower employer-provided benefits access at both the individual and household level.

By analyzing data at the household level, we gain unique insight into the way household composition can enable benefit access and, potentially, more flexible work arrangements. But it also reveals that significant segments of the U.S. population lack access to benefits. This highlights the mismatch between benefit deployment and the lived experiences of workers.

A New Model: Understanding Financial Health Linkages

Wage levels and benefit access data can inform how widespread a given benefit is, while takeup gives a glimpse into benefit awareness and popularity. But until now, we have had little insight into what matters most: which wages and benefits are associated with higher levels of financial health. These “essential compensation” elements are foundational to delivering real value to workers and businesses.

Given the wide array of benefits available and large differences in pay, we designed a unique approach to identify which elements of total compensation are most associated with higher employee financial health scores.

Using a technique known as **multivariate modeling**, we estimate whether an individual enrolled in an employer benefit would have a different financial health score than someone with similar characteristics – including demographic profile, wages, access, and use of other benefits – but without household access to that benefit.³⁵

This model helps us understand the degree to which use of a given element of total compensation is associated with differences in financial health. In other words, if you imagine each element of compensation as a “lever,” our model allows us to pull one lever at a time, while holding all other levers constant.

While more research is needed to fully understand causation and the influence of benefit design,

³⁴ These individuals reported that they did not have access to a given benefit through their own work but reported that a spouse had access.

³⁵ Since the primary objective of our model is to estimate the direct relationship between financial health and utilization of each workplace benefit, other observed factors that also have a direct relationship with financial health were included as control factors. These include household composition, gender, race and ethnicity, age, disability status, veteran status, and type of work arrangement. When estimating the relationship between each benefit and financial health, use of all the benefits are taken into account concurrently in the model. For more details on the model and the estimation results, please see [Appendix B](#).

this approach offers an early framework for evaluating the role of different wage and benefit elements in advancing financial health for a broad swath of workers. We invite collaboration from employers, benefit providers, benefit consultants, researchers, and policymakers to further explore how wages, benefits, and workplace policies – individually and in combination – can best support financial health for workers across America.

A Closer Look at Our Model

Our research provides a first look at how wages, benefits, and leave policies are related to household financial health. It introduces a new lens for evaluating wages and benefits – not just as a tool to attract talent, but as a means to materially improve employees' financial lives.

When reviewing the findings, several factors are important to keep in mind:

- **We focus on benefit uptake**, or the financial health differences associated with actually using or enrolling in a benefit – not just having access. This is, in part, because the financial health advantage of a given benefit is associated more with use than simply having access. When reviewing, **readers should be thinking about not only which benefits to offer, but also how to best design and promote uptake.**
- **Our model estimates changes in FinHealth Scores, a measure ranging from 0 to 100. Findings should be interpreted as correlational rather than causal.** In conducting the analysis, we controlled for numerous demographic factors, such as gender and race, wages, and use of other benefits that help explain differences in financial health. Such controls help to eliminate interaction from other factors that may influence financial health. **All results are statistically significant at 95% percent, except where noted.**
- While our research begins to reveal the association between the use of a benefit and an individual's financial health score, **further research is needed to understand the qualities of a benefit that are most conducive to financial health.** Our model does not take into account benefit design (including elements like the amount of paid leave, the presence of employer match, the sufficiency of insurance coverage, or other incentives).

Over the next few years, the **Workplace Solutions team** at the Financial Health Network will be pursuing deeper initiatives to best understand the benefit features that are most additive to financial health.

To learn more, contact workplace@finhealthnetwork.org

The Integral Role of the Living Wage

Among all compensation elements we analyzed, one stands out: **earning at least a living wage is one of the strongest predictors of higher financial health.**

Using geographic data and wage benchmarks from the Living Wage Institute, we find that workers earning at or above a living wage had household FinHealth Scores that were, on average, 6 points higher than workers who do not, even after controlling for demographic and benefit enrollment.³⁶ This finding makes intuitive sense: People earning enough to cover their basic household financial needs are more likely to be able to cover essential expenses, build short- and long-term savings, keep debt at manageable levels, and plan for the future – all key components of financial health.³⁷

Further, we find higher levels of financial health associated with the proportion of living wage. Respondents earning 75% to 99% of the living wage benchmark had FinHealth Scores that were, on average, 2 points higher than those earning less than 75%, while those earning 150% to 200% had FinHealth Scores that were 9 points higher (see Table 2). This also makes intuitive sense, especially as workers today are expected to help fund their own retirement savings, emergency savings, and many other key elements of financial health.

Table 2. Earning more relative to the living wage is associated with higher FinHealth Scores.

The change in predicted FinHealth Score, by earnings, as a share of the living wage threshold for a family of four with two working adults.

Earnings as a percentage of living wage*	Predicted FinHealth Score	Difference compared to less than 75% of living wage
Below 75%	60	--
75% - 100%	62	+2
100% - 125%	63	+3
125% - 150%	65	+5
150% - 200% ³⁸	70	+10

** We assume full-time work and compare the 2x self-reported earnings of the respondent to the living wage threshold for a family of four with two working adults. See [Appendix B](#) for more details.*

In our survey, **47% of respondents earn at least a living wage**, assuming another adult earning a similar wage in their household.³⁹ Those earning a living wage more frequently tended to be male, to be white or Asian, to have a spouse or partner, and to hold at least a bachelor’s degree – consistent with existing research on income disparities.^{40,41}

We also find that those who are more “traditionally” employed as a W-2 employee are more likely to earn a living wage than those who operate independently. Only 26% of independent contractors earn a living

³⁶ Calculated based on a living wage to support a family of 4, with two working adults and 2 children under 18. For further detail, see [Appendix B](#).

³⁷ A living wage is a minimum subsistence wage that allows an individual or household to meet the minimum basics, such as housing, healthcare, transportation, taxes, and child care.

³⁸ We do not analyze financial health correlations above \$200,000 in household income.

³⁹ The Living Wage Institute and the human capital firm Dayforce estimate that 56% of full-time workers earn a living wage. Our figure is not directly comparable given the inclusion of part-time workers as well as workers who are not formally employed by a company. For more information, see “[New Research Reveals Major Disparities in Access to Living Wages in U.S. Workforce](#),” Dayforce, August 2024.

⁴⁰ 51% of respondents with a spouse or partner and no children reported earnings that qualify as a living wage, as did 53% of those who are partnered with children. These are statistically higher than the rates of earning living wages for those who live alone (46%) or those who have children but no spouse or partner (29%). Fifty-three percent of Asian respondents and 51% of white respondents earn a living wage, compared with 43% of Black respondents and 37% of Latinx respondents. Fifty-eight percent of male respondents earn a living wage, compared with 37% of female respondents. Disparities by education are also present: 63% of those with at least a bachelor’s degree earn a living wage, compared with 35% of those without a bachelor’s degree.

⁴¹ For example, see Rakesh Kochhar, “[The Enduring Grip of the Gender Pay Gap](#),” Pew Research Center, March 2023; Makenzie Peake & Guillaume Vandenbroucke, “[Observing the Earnings Gap through Marital Status, Race and Gender](#),” Federal Reserve Bank of St. Louis, May 2019; and Mark Mather & Beth Jarosz, “[Education in the U.S.: The Great Equalizer?](#),” Population Reference Bureau, 2014.

wage, compared with 52% of traditionally employed workers. Employer size matters as well: just 32% of those working for employers with fewer than 100 employees earn a living wage, compared with 62% of those with more than 1,000 employees.

Benefits With Positive Financial Health Associations

Our analysis finds that numerous employer-provided benefits are associated with higher FinHealth Scores, suggesting intriguing areas for employers and policymakers to explore. These include both common benefits and emerging innovations that show early promise. (A full list is available in [Appendix B](#); key findings are summarized below.)

CORE BENEFITS

Many core benefits had strong positive associations with financial health.

- **Health insurance:** Enrollment in a non-high deductible health insurance plan is clearly

associated with higher financial health.

Respondents enrolled in such health plans had FinHealth Scores that were, on average, 7 points higher than those who are not enrolled in any plan.

The relationship between enrollment in high-deductible health insurance plans (HDHPs) and financial health is more nuanced, often hinging on the worker's ability to contribute to a Health Savings Account (HSAs).^{42,43} HSAs are a savings tool designed to help people afford the high deductibles associated with HDHPs.

Workers enrolled in HDHPs who contribute to HSAs had FinHealth Scores 7 points higher on average than those who have no health insurance.⁴⁴

However, workers enrolled in HDHPs but do not contribute to an HSA (or didn't have access to an HSA) had FinHealth Scores statistically the same as those without any health insurance at all. This suggests that funding an HSA is the critical design feature in ensuring HDHP plans have a positive association with financial health.



⁴² High deductible health plans are insurance plans with low monthly premiums in exchange for higher out-of-pocket costs (deductibles). See "[Understanding HSA-eligible plans](#)," HealthCare.gov.

⁴³ We find that, among those who are enrolled in an insurance plan, about a third (30%) have a high deductible health plan (HDHP), in line with data from the Peterson-KFF Health System Tracker. See "[High deductible plans](#)," Peterson-KFF Health System Tracker.

⁴⁴ Our survey finds that 88% of workers with HDHPs had access to HSAs, and nearly 3 in 4 workers (72%) with access to an HSA contributed to them.

- Retirement plans:** Participating in an employer-sponsored retirement plan is associated with a 6 point higher FinHealth Score than those who don't have access.

Most households (84%) who are participating in an employer-provided plan reported making regular contributions to their retirement plans, and 78% reported that their employer provides a match.⁴⁵ After controlling for a living wage, workers who are offered employer matching were 21 percentage points more likely to participate in their employer plan than those who are not offered a match.⁴⁶ This supports existing research that employer matching, along with automatic enrollment and auto-escalation features, significantly boosts retirement plan participation.⁴⁷

Participating in a pension or cash-balance plan, while less common than in the past, is also associated with higher financial health relative to those who don't have access to a defined benefit plan (+3 points).

Workers who are offered employer matching were 21% more likely to participate in their retirement plan than those who are not offered a match.

- Paid family leave:** Caregivers who have access to and use their paid family leave benefits had FinHealth Scores that were 5 points higher than caregivers that do not.⁴⁸ Yet access remains limited: only 46% of caregivers in our survey reported having this benefit.

OTHER CORE BENEFITS

Other core benefits that showed directionally positive associations with financial health included paid time off and disability insurance. Respondents who used paid time off had FinHealth Scores that were 2 points higher on average than those who did not have access, while those who held disability insurance also had scores that were 2 points higher than those without.⁴⁹

EMERGING BENEFITS

Beyond these common benefits, we find that several emerging benefits are positively associated with higher FinHealth Scores. These included:

Emergency savings accounts	+4 points
Subsidies to pay for childcare (among households with children under 18)	+6 points
Home-buying assistance	+10 points
Financial coaching and guidance	+3 points

Some of these benefits already have a growing body of research pointing to efficacy. Emergency savings accounts, for example, have been linked to higher savings balances, improved work performance, and measurable ROI for employers.⁵⁰

Others are newer and less tested; for example, only 5% of respondents reported access to home-buying assistance, and individuals who take advantage of such a benefit may already have relatively strong financial health as they sit on the cusp of

⁴⁵ This figure is somewhat lower than some industry estimates. For example, the Investment Company Institute finds that 88% of plans with more than 100 participants offer a match. See: “The BrightScope/ICI Defined Contribution Plan Profile: A Close Look at 401(k) Plans, 2022,” BrightScope/ICI, March 2025.

⁴⁶ See Justin Falk and Nadia S. Karamchev, “The impact of an employer match and automatic enrollment on the savings behavior of public sector workers,” Journal of Pension Economics and Finance, 2023.

⁴⁷ For example, Brigitte C. Madrian, “Matching Contributions and Savings Outcomes: A Behavioral Economics Perspective,” National Bureau of Economic Research, July 2012; and Gary V. Engelhardt & Anil Kumar, “Understanding the Impact of Employer Matching on 401(k) Saving,” TIAA-CREF Institute, February 2017.

⁴⁸ Respondents were asked the following question: “Do you (or your spouse/partner) currently provide unpaid care to a relative or friend 18 years or older to help them take care of themselves? This may include helping with personal needs or household chores. It might be managing a person’s finances, arranging for outside services, or visiting regularly to see how they are doing. This adult does not need to live with you.” Respondents who indicated yes were coded as caregivers.

⁴⁹ At p<0.06 for both the coefficient of using paid time off and enrolling in disability insurance.

⁵⁰ See, for example, Carrie Leana et al., “In The Effect of an Emergency Savings Program on Employee Savings and Work Performance: A Two-Year Field Intervention,” Industrial and Labor Relations Review, 2024.

homeownership (thus, self-selection is likely to play a role in our result).

Nevertheless, these findings offer promising direction for the future of benefits design and development. Further research is needed to better understand which emerging offerings have the strongest potential to improve worker financial health at scale.

Context Matters: Benefits Showing More Limited Financial Health Associations

While some benefits do not show statistically significant associations with financial health – and a few even show negative associations – this doesn’t necessarily mean they lack value for organizations. Context is essential: some benefits, such as life insurance, require a triggering event before use, which limits their day-to-day impact. Others, like loans or earned wage access (EWA) are more likely to be used by individuals already experiencing financial hardship. For employers, understanding the nuance of these benefits may be helpful – what appears less impactful in data may still play a critical role for workers at particular moments in time.

BENEFITS REQUIRING TRIGGERS

- **Life insurance** (No significant relationship to financial health): Enrollment in employer-offered life insurance was not associated with higher financial health scores. This is, in part, due to the nature of the product. Life insurance offers long-term peace of mind but does not deliver its full benefit until it is needed – when the policyholder dies. At that point, the life insurance payout resembles income replacement, similar to disability insurance.

BENEFITS SUPPORTING EDUCATIONAL EXPENSES

- **Student loan repayment** (No significant relationship to financial health): Total federal student loan debt has reached \$1.6 trillion – and the average federal student loan debt per borrower is now \$38,000.^{51,52} Individuals with existing student loan debt, a known negative financial health factor, are most likely to use student loan repayment benefits.^{53,54,55} As a result, any positive effects of the benefit are likely moderated by the negative impact of holding student debt. Moreover, the design of the benefit – not explored in this study – is also likely to play a role. Many student loan solutions focus on refinancing, consolidation, or loan origination. While these may help borrowers reduce monthly payments, more novel features – like helping workers effectively navigate the Income Driven Repayment (IDR) application or the 401(k) student loan match feature authorized under the SECURE 2.0 Act – could have a more positive effect on overall financial health than traditional refinancing and loan options. Given the magnitude of outstanding debt many are holding, our research suggests that these innovative features (IDR and 401(k) matching) may be the most salient in improving financial health outcomes for workers. More research is needed to fully flesh this out.
- **Tuition reimbursement** (No significant relationship to financial health): Similarly, tuition reimbursement benefits were not associated with improved financial health. As with student loan repayment, individuals who use tuition reimbursement benefits are likely to have educational expenses. If tuition reimbursement is not high enough to offset the financial cost of education, it could result in a negative association with financial health. One way to potentially

⁵¹ “Household Debt and Credit Report Q1 2025,” Federal Reserve Bank of New York.

⁵² Melanie Hanson, “Student Loan Debt Statistics,” Education Data Initiative, March 2025.

⁵³ “Household Debt and Credit Report Q1 2025,” Federal Reserve Bank of New York.

⁵⁴ Melanie Hanson, “Student Loan Debt Statistics,” Education Data Initiative, March 2025.

⁵⁵ Andrew Warren, Wanjira Chege, Kennan Cepa, & Necati Celik, “Financial Health Pulse: 2024 U.S. Trends Report,” Financial Health Network, September 2024.

mitigate this challenge would be to design the tuition reimbursement program so that it is a direct pay model (e.g., the employer pays the upfront costs) versus a reimbursement model.

BENEFITS TO ADDRESS LIQUIDITY GAPS

- **Earned wage access** (-8 points): Use of earned wage access services (EWA) – a solution that allows employees to access part of their wages before payday – was associated with a lower FinHealth Score. This is likely a result of self-selection: individuals turning to EWA may be struggling with short-term spending challenges and income insufficiency.⁵⁶ Indeed, our research finds that workers who have access to EWA through a job are less likely to earn a living wage.⁵⁷
In other words, it appears that many workers use EWA products not just to bridge temporary timing gaps between pay and expenses, but as a coping mechanism for chronically inadequate income to cover essential expenses. Our research did not explore whether EWA use decreases reliance on high-cost alternatives, such as payday loans, pawn shop transactions, or other high-cost financial products.
- **Loan products** (-8 points): Households accessing employer-sponsored loan products report FinHealth Scores 8 points lower, on average, than those who do not. As with EWA, this likely reflects self-selection and underlying liquidity constraints among users. Workers using these benefits are significantly less likely to earn a living wage: only

45% of those who accessed loan products met our living wage threshold, compared with 59% of those who did not. Similarly to EWA, this analysis did not assess whether these loans replaced higher-cost borrowing.

The Connection Between Employee Financial Health and Retention

A growing body of research suggests that investing in employee financial health yields meaningful returns for employers. Experiencing financial stress can lead to lower workplace performance, increased burnout, and decreased organizational commitment.^{58,59,60,61,62} Conversely, financial security is associated with higher worker productivity and greater optimism about their financial future.⁶³

Our research adds to this knowledge base by finding a clear connection between financial health and retention. **We find that people in Financially Healthy households more frequently report an intent to stay with their current employers** than those who are Financially Coping or Vulnerable.⁶⁴ Additional considerations related to return on investment (ROI) are discussed in our employer recommendation section below.

⁵⁶ See, for example, Lisa Berdie & Riya Patil, “[Exploring Earned Wage Access as a Liquidity Solution](#),” Financial Health Network, December 2023, and “[Proceed with Caution: Fintech Credit + Financial Instability](#),” SaverLife, 2025.

⁵⁷ 38% of respondents who have access to EWA products through their work or spouse/partner’s work earn a living wage, compared to 50% among those who do not have access.

⁵⁸ Jirs Meuris & Carrie Leana, “[The Price of Financial Precarity: Organizational Costs of Employees’ Financial Concerns](#),” Organization Science, April 2018.

⁵⁹ Vagner F. Rosso, Lucía Muñoz-Pascual, & Jesús Galende, “[Do managers need to worry about employees’ financial stress? A review of two decades of research](#),” Human Resource Management Review, September 2024.

⁶⁰ Meghan Greene & Riya Patil, “[Understanding the Mental-Financial Health Connection](#),” Financial Health Network, October 2023.

⁶¹ Vagner F. Rosso, Lucía Muñoz-Pascual, & Jesús Galende, “[Do managers need to worry about employees’ financial stress? A review of two decades of research](#),” Human Resource Management Review, September 2024.

⁶² Camden Cusumano & Dee Warmath, “[Mind the gap: Investigating how financial well-being shapes job satisfaction through burnout](#),” Journal of Workplace Behavioral Health, December 2024.

⁶³ “[2024 Edelman Trust Barometer Special Report: Trust at Work](#),” Edelman Trust Institute, 2024.

⁶⁴ 85% of Financially Healthy respondents reported that they were “very likely” or “somewhat likely” to stay at their job the next two years, compared with 80% of Financially Coping and 77% of Financially Vulnerable workers. The question was: “Thinking about [If Q5 < 1: “your current job” OR if Q5 = 1: “your main job”], how likely are you to stay with your employer for the next two years?” Response options were “very likely,” “somewhat likely,” “neither likely nor unlikely,” “somewhat unlikely,” or “very unlikely.”

Turning Data into Decisions: Implications for Employers, Researchers, and Policymakers

A Chief Human Resources Officer or business leader reviewing this data may reasonably ask: So what? What do these findings mean for our organization? In the second part of this paper, we build on this data to explore: **How can employers determine which wages and benefits most meaningfully contribute to their employees' financial health – and, in turn, to long-term business sustainability and performance?**

For years, employers have relied largely on market surveys to stay competitive with peers. Insights have

been scarce, however, into what actually improves financial health. This research helps fill that gap.

Drawing on the study above and the expertise of the Financial Health Network's Workplace Solutions team, we offer practical recommendations for employers, policymakers, researchers, and other stakeholders to apply these findings in the real world. While additional research is needed to fully flesh out all the answers, our findings point to several concrete actions organizations can take today.



Recommendations for Employers

BUILDING A STRONG FINANCIAL HEALTH BASE

Our research identifies key wage and benefit characteristics that can help form a strong foundation for worker financial health. The elements that are the most strongly associated with improved financial health include:

- Earning sufficient income to cover essential expenses
- Providing affordable health insurance, especially for costs associated with deductibles
- Contributing to retirement savings
- Offering paid family leave

Even when controlling for demographic characteristics and work arrangements, we find that workers who earn a living wage, are enrolled in and able to afford employer-sponsored healthcare, participate in employer retirement plans, and use paid family leave are all more likely to be Financially Healthy. These four components appear to be foundational to building worker financial security; thus, making progress on any of the above components can help boost the financial health of the workforce.

While more research is warranted to understand the precise nature of these relationships, many of these findings align intuitively with what we already know:

- **Earning sufficient income** allows people to pay bills on time, save for emergencies, and plan for the future – all core elements of financial health.
- **Health insurance** protects against illness and emergencies, but only if coverage is affordable. Our data suggests that if people cannot afford health insurance – especially in an HDHP design – the impact is equivalent to having no insurance at all, at least from a financial health perspective.
- **Retirement plans** offer a vehicle for future savings, but with the decline of defined-benefit pension

plans, the burden of building savings has largely been shifted to employees. As a result, having sufficient income to save (while also managing day-to-day financial realities) is paramount.

- **Paid family leave** enables caregivers to maintain income while managing caregiving responsibilities – a role frequently associated with mental, physical, and financial stress. Research from AARP shows that nearly 1 in 4 caregivers are forced to take on additional debt.⁶⁵ While caregiving is associated with lower financial health overall, the increases seen with paid leave suggest that this could be an avenue to ease that strain.⁶⁶

NAVIGATING WAGES AND BENEFIT DESIGN TOGETHER

While our research highlights the salience of wages (and even how not earning sufficient income could impact the value of other benefits), for many employers, total compensation decisions carry a host of practical considerations – such as trade-offs with funding other benefits or operating within business models with narrow profit margins – that need to be worked through.

As employers navigate enhancements to their total reward packages in an increasingly cost-constrained environment, the design of benefits may play an even more prominent role in enabling workers to improve their financial health – particularly for those who may have insufficient income to fully take advantage of benefits that rely on employee contributions.

For instance, HDHPs are most effective when paired with HSA contributions, and retirement plans only matter if workers – or their employers – contribute. Absent those contributions, tools like HDHPs or 401(k)s may offer little value. In fact, workers (or their employers) who do not contribute to HSAs

⁶⁵ “Caregiving in the United States 2020,” AARP & National Alliance for Caregiving, May 2020.

⁶⁶ Meghan Greene, Jess McKay, & Andrew Warren, “The Gender Gap in Financial Health,” Financial Health Network, July 2022.

are statistically no better off than those without any health insurance at all. Similarly, retirement plans are only useful if funds – from the worker and/or the employer – are contributed. These realities underscore the foundational importance of looking at wage and benefits holistically – not as isolated offerings, but as interconnected supports for financial health that provide families with the slack needed to look beyond daily expenses.

Employers interested in strengthening worker well-being can start by integrating living wage benchmarks into their routine compensation studies, and evaluating the availability, design, and sufficiency of core benefits. Improving worker financial health, and reaping the positive business outcomes that flow from a financially secure workforce, requires employers to look at their wage and benefit programs in concert and to prioritize their spend, over time, on solutions that show the greatest promise of improving worker financial health. This isn't always about increasing costs, but about optimizing available dollars on the highest-priority, well-designed solutions

THE UPSIDE OF EMERGING BENEFITS

We also see promise in a range of emerging benefits, such as emergency savings accounts, child care subsidies, home-buying assistance, and financial coaching. While these offerings can enhance benefit portfolios, their ultimate impact may depend on whether the foundational elements are being sufficiently met.

However, new insights suggest that some of these emerging benefits can act as a bulwark to preserve the positive impact of foundational financial health benefits. Emergency savings, for example, may help workers – including many hourly employees – build short-term savings, avoid dipping into their 401(k) to cover unexpected expenses, and strengthen overall retirement outcomes.⁶⁷ Given the prominence of retirement savings in improving financial health, incorporating an emergency savings program could

offer a “win-win” as workers build more slack and sustain their retirement balances and savings.

Additional exploration is needed to fully understand how these emerging benefits interact with foundational elements of financial health and whether design features, like employer matches for emergency savings, influence outcomes.

BENEFITS WITH NEUTRAL OR NEGATIVE ASSOCIATIONS TO FINANCIAL HEALTH

Finally, we caution employers against discarding benefits that show little, no, or negative associations with financial health. Products like life insurance can provide important income streams for families, but require certain triggers to realize their full value – and that value accrues to the beneficiary and provides needed income protection. In this sense, and given the prominence of income in financial health, life insurance remains a mainstay of providing income protection to tens of millions of working families.

Furthermore, student loan solutions are still in their relative infancy and have been on a constant seesaw due to the COVID-19 pandemic and the federal pause in repayment. As repayment obligations resume, and large number of borrowers face default, the need for student loan assistance is not going away. Different providers have models that emphasize different features. Our research suggests that refinancing or loan consolidation alone may not be the key drivers of positive outcomes. But emerging IDR solutions and the 401(k) student debt match may generate more positive outcomes. Additional research is needed to parse out which student loan solutions and features are the most effective in helping workers manage their student loan debt.

Other benefits, like earned wage access or employer-provided loan products, tend to be used by families already experiencing financial strain. Indeed, our research found that users of these products tend to be struggling across multiple areas

⁶⁷ “How America Saves 2025,” Vanguard Viewpoints, June 2025.

of financial health, and are often turning to these products not to improve their financial health but to address an immediate and discrete need.

In other words, these tools meet a need that is driven by financial health challenges. But it is equally clear that such products, at least in their current form, do not independently resolve the underlying financial challenges that workers face.

Making the Case: Employer ROI

Employers regularly point to their employees as their most important asset and the secret to success. For many businesses, employees are also the largest expense.⁶⁸ If employers truly believe that employees are essential to their organizations, investing in their financial health is both a strategic and moral decision.

At the same time, we recognize that business leaders need evidence of a return on this investment. While supporting worker financial health is undeniably the right thing to do, it can also be a smart business move. Our analysis finds that Financially Healthy workers report a greater intent to stay at their firms long-term – a meaningful finding, given that research has found that increasing turnover by even 1 percentage point can cost firms millions.⁶⁹

Furthermore, financial insecurity can negatively affect workplace performance. For example:

- A meta analysis of more than 130 studies found that financial stress reduces employee health, commitment, and performance, which can increase costs for employers over time.⁷⁰
- Workers struggling with finances experience more preventable workplace accidents, which helps

companies reduce liability across their organization.⁷¹

- Financial insecurity is linked to higher rates of workplace burnout.⁷²

These realities have real costs. The World Health Organization estimates that financial stress alone costs employers across the globe \$1 trillion per year in lost productivity.⁷³ Gallup estimates that low employee engagement costs businesses as much as \$9 trillion annually, a result of lost productivity, absenteeism, illness, and other related elements of low well-being.⁷⁴ Another estimate finds that lost productivity from employees worrying about finances during work hours costs employers \$250 billion annually.⁷⁵

Financial stress alone costs
employers across the globe
\$1 trillion
per year in lost productivity

Low employee engagement
costs businesses as much as
\$9 trillion annually

Our findings contribute to a growing consensus: financial health is a foundational driver of both employee well-being and business performance. Organizations that prioritize living wages and core benefits stand to gain – not only in employee satisfaction and retention, but also in long-term organizational resilience and success.⁷⁶

⁶⁸ “Laborwise: A powerful lens for unlocking hidden sources of labor overspend,” Deloitte, 2017.

⁶⁹ Angie Basiouny, “Employee Turnover Costs More Than You Think,” Knowledge at Wharton, August 2022.

⁷⁰ Vagner F. Rosso, Lucía Muñoz-Pascual, & Jesús Galende, “Do managers need to worry about employees’ financial stress? A review of two decades of research,” Human Resource Management Review, 2024.

⁷¹ Jirs Meuris & Carrie Leana, “The Price of Financial Precarity: Organizational Costs of Employees’ Financial Concerns,” Organizational Science, 2018.

⁷² Camden Cusumano & Dee Warmath, “Mind the gap: Investigating how financial well-being shapes job satisfaction through burnout,” Journal of Workplace Behavioral Health, December 2024.

⁷³ “Mental Health, Brain Health and Substance Use,” World Health Organization.

⁷⁴ Ryan Pendell, “Employee Engagement Strategies: Fixing the World’s \$8.8 Trillion Problem,” Gallup, September 2023.

⁷⁵ “Inside Employees’ Minds™: Financial Wellness, Volume 2,” Mercer, 2017.

⁷⁶ Matt Bahl & Riya Patil, “Well-Being in the Workplace: Why Financial Health Is Foundational to Overall Well-Being” Financial Health Network, May 2025.

Essential Benefits in the Real World

What does it look like to apply this Essential Benefits model to a specific workplace? How can an employer leverage this framework to advance the financial health of their people, and position the organization for long-term business success? These are important questions, to which we have a real world example:

Applying the Essential Benefits Analysis in the Real World: Bangor Savings Bank

In 2024, Financial Health Network conducted an analysis of the financial wellness impact of the benefits available to employees of Bangor Savings Bank, a mutually held financial institution serving Northern New England. The study included a confidential employee survey to assess financial well-being, household composition, and use of benefits, and leveraged organizational data on compensation and benefits design. Using this information, we identified a set of **key findings**:

- **Living wage threshold:** We found that crossing the living wage threshold was the key driver to improving financial health. Without this baseline, the impact of non-wage investments would be smaller.
- **Healthcare and HSA contributions:** Healthcare costs and Health Savings Accounts (HSAs) contributions help employees save more per pay period and are a strong driver of financial health.
- **Retirement plan contributions:** Increasing contributions to retirement plans can help improve employee financial health, and innovative contribution design can help improve retirement outcomes without expanding employer costs.
- **Benefit innovations:** Programs like emergency savings accounts and financial coaching could add value to the bank's benefit portfolio.

As a result of these recommendations, Bangor Savings Bank has gained a clearer understanding of how to strategically invest in employee benefits. The organization is now leveraging these insights to reshape its total compensation approach to prioritize not only market-based benchmarks but also impact-driven strategies that enhance employee quality of life.

Recommendations for Researchers

Our research raises many intriguing questions, and we invite researchers and analysts to advance our initial analysis and deepen the field's understanding of how wages and benefits impact financial health.

Key areas for further exploration include:

- **Impact evaluations:** While our research demonstrates statistically significant correlation, it does not demonstrate causation. Financial health is not an algorithm where pulling a single lever improves all aspects of financial health. Instead, we need to better understand the specific solutions, combination of solutions, and their design to sharpen the insights laid out in this report. A natural next research step is conducting causal experiments to assess the direct impact of individual compensation elements or clusters of benefits.
- **Design factors:** For some benefits, access alone is not sufficient to move the needle on financial health. More research is needed to understand how design influences uptake and impact – whether it's matching structures for emergency savings, compensation approaches, or how paid leave is structured. Identifying key financial health design principles (or standards) is the next frontier to scale impact of the most important financial health solutions.
- **Better understanding limited or negative financial health associations:** Benefits without strong positive associations are not intrinsically bad or unhelpful. However, there may be elements of design that matter (e.g., the size of student loan reimbursement), or they may be more relevant to specific subpopulations. It's also possible that their impact is better captured outside of the FinHealth Score. These findings also raise questions for policymakers about what is the best avenue – including whether some needs are better addressed through non-workplace channels – to meet the pressing needs of financially struggling households.
- **Understanding selection bias:** Selection bias may explain some of our results. For example, we anticipate that users of EWA and loan products are likely facing financial hardship, which may contribute to their decision to use these products. Conversely, we anticipate that renters who are more financially secure may be more likely to use home loan products. More work is needed to effectively parse these dynamics.
- **Elements of ROI:** There is an ongoing need for studies that explore the connection between essential compensation and organizational outcomes like employee attraction, retention, productivity, and engagement. While wages and benefits sit on the liability side of the balance sheet, growing evidence – including our findings – shows these investments can yield measurable returns. Continuing to generate insights and studies that highlight the ROI of these programs is crucial.
- **Additional benefit research:** Finally, there are additional models not explored in our analysis, such as broad-based employee ownership programs, that are gaining attention and traction. Further research is needed to better understand the potential to boost financial health at scale.

Recommendations for Policymakers

We should not overlook the essential role of policymakers in fostering a more financially healthy workforce – particularly given the large and growing number of workers who fall outside the traditional full-time employment paradigm. Our research suggests the need to **rethink benefit design and delivery** to expand financial security for a greater swath of the population.

To date, much of the policy conversations and actions have focused on discrete benefits. Our research points to a different path, one rooted in understanding how different wages and benefits work in symbiosis. Helping policymakers understand how interconnected financial health is across different wage and benefit programs could lead to

a more holistic set of policies to drive that change – rather than a “whack-a-mole” approach where changes to one policy raise challenges in another aspect of people’s financial lives.

Ultimately, anchoring policy on the actual experiences of the U.S. workforce, and understanding how pulling one policy lever may impact another aspect of people’s financial lives is key. Financial health is not about a single benefit but about a system of interconnected solutions that work together. Throughout this paper, we highlight that interconnected and present a framework for prioritizing solutions that show the greatest promise in improving the financial lives of America’s workforce.



CONCLUSION

Centering Employee Financial Health in Wage and Benefit Strategy



Despite an ever-growing array of benefit options, many workers in America continue to struggle financially – a reality that negatively impacts productivity, retention, and business outcomes. Leveraging a nationally representative survey of workers and a novel analytical approach, we offer the first-ever analysis of the relationship between wages, benefits, and financial health. This research deepens our understanding of the most essential compensation elements for worker well-being.

Our findings highlight the importance of moving beyond access and participation in benefits. To fully understand the relationship with financial health – a proven driver of workplace productivity – we must consider whether those benefits actually improve financial outcomes.

Above all, our data points to the need for a new evaluation framework: one that offers a more holistic view of how wages and benefits impact people's financial lives. This framework must center the household experience and shift the focus from benefit availability to tangible outcomes.

By placing worker financial health at the center of wage and benefit strategy, employers, benefit providers, benefit consultants, policymakers, and other organizations can understand what actually works and make smart, cost-effective decisions that improve both individual well-being and workplace performance.

This work will continue at the Financial Health Network. We invite all interested stakeholders to partner with us as we advance a new paradigm of financial health for the American workforce.

Appendices

Appendix A: Detailed Access Tables

Benefit Access by Work Arrangement

Table A1. Traditional employees report higher access to benefits through their employers than independent contractors, business owners, or those in other work arrangements.

Individual access to employer benefits, by employment type.

Core benefits	Traditional employee	Independent contractor	Other work arrangement	Business owner
Health insurance	86%	43%*	79%*	29%*
Retirement plans (e.g., 401(k), 403(b), or Thrift Savings Plan (TSP))	81%	34%*	73%*	26%*
Life insurance	74%	28%*	65%*	17%*
Disability insurance (short-term or long-term)	70%	26%*	60%*	15%*
Paid time off (vacation and/or sick leave)	90%	44%*	83%*	29%*
Paid parental leave	51%	21%*	45%*	14%*
Paid family leave	49%	23%*	44%*	17%*
Other paid leave	71%	28%*	60%*	21%*
Pension or cash balance plan	26%	13%*	20%*	12%*
Emerging benefits	Traditional employee	Independent contractor	Other work arrangement	Business owner
Tuition reimbursement	34%	16%*	29%*	7%*
Financial coaching or guidance	30%	17%*	28%	11%*
Earned wage access	13%	18%*	16%*	9%*
Student loan repayment	10%	7%*	10%	6%*
Emergency savings account	7%	15%*	10%*	9%*
Subsidies to pay for childcare	8%	6%*	7%	5%*
Loan products	7%	8%	9%*	8%
Home-buying assistance	3%	5%*	5%*	4%
N	4,697	509	2,115	777

Notes: Analysis conducted by job type in the worker's "main job" – the job in which they work the most hours. For details on how these categories were constructed, see [Appendix B](#).

* Statistically significant relative to traditional employees at $p < 0.05$.

Benefit Access by Hours Worked

Table A2. Part-time workers report far less access to most health insurance benefits than full-time workers.

Individual access to employer benefits, by hours worked in main job.

Core benefits	Part time	Full time
Health insurance	46%*	90%
Retirement plans (e.g., 401(k), 403(b), or Thrift Savings Plan (TSP))	45%*	83%
Life insurance	30%*	78%
Disability insurance (short-term or long-term)	30%*	73%
Paid time off (vacation and/or sick leave)	56%*	92%
Paid parental leave	22%*	54%
Paid family leave	23%*	52%
Other paid leave	32%*	74%
Pension or cash balance plan	10%*	27%
Emerging benefits	Part time	Full time
Tuition reimbursement	15%*	36%
Financial coaching or guidance	13%*	33%
Earned wage access	17%*	13%
Student loan repayment	5%*	11%
Emergency savings account	6%*	9%
Subsidies to pay for childcare	4%*	8%
Loan products	5%*	9%
Home-buying assistance (e.g., down-payment subsidy)	2%*	5%
N	1,413	5,899

Notes: Analysis excludes respondents who are business owners in their primary/main job. "Part-time" includes respondents who reported working less than 35 hours a week in their main job, while "full time" includes respondents who reported working 35 hours or more in their main job. For details on question wording, see [Appendix B](#).

** Statistically significant relative to full-time at $p < 0.05$.*

Benefit Access by Industry

Table A3. Workers in finance, insurance, and healthcare industries have more access to most benefits than workers in retail and other industries.

Individual access to employer benefits, by industry in main job.

Core benefits	Finance and insurance	Healthcare	Retail	Other
Health insurance	80%*	83%*	71%	74%
Retirement plans (e.g., 401(k), 403(b), or Thrift Savings Plan (TSP))	80%*	78%*	68%	69%
Life insurance	72%*	71%*	54%*	62%
Disability insurance (short-term or long-term)	71%*	68%*	54%	57%
Paid time off (vacation and/or sick leave)	85%*	85%*	77%	78%
Paid parental leave	61%*	46%*	39%	43%
Paid family leave	59%*	49%*	36%*	41%
Other paid leave	74%*	66%*	56%	59%
Pension or cash balance plan	21%	21%*	12%*	24%
Emerging benefits	Finance and insurance	Healthcare	Retail	Other
Tuition reimbursement	41%*	39%*	25%	26%
Financial coaching or guidance	44%*	28%	28%	26%
Earned wage access	11%	15%*	32%*	11%
Student loan repayment	10%	16%*	8%	8%
Emergency savings account	7%	10%*	9%	8%
Subsidies to pay for childcare	13%*	9%*	7%	6%
Loan products	19%*	9%*	9%*	7%
Home-buying assistance	7%*	5%*	3%	4%
N	678	1,359	525	5,537

Notes: Analysis includes all respondents.

** Statistically significant relative to “other” at $p < 0.05$.*

Benefit Access by Employer Size

Table A4. Workers at small firms report significantly less access to most benefits than those at larger firms.

Individual access to employer benefits, by number of employees.

Core benefits	Less than 100	100-999	1,000 or more
Health insurance	60%	91%*	95%*
Retirement plans (e.g. 401(k), 403(b), or Thrift Savings Plan (TSP))	54%	84%*	93%*
Life insurance	42%	80%*	88%*
Disability insurance (short-term or long-term)	39%	73%*	85%*
Paid time off (vacation and/or sick leave)	74%	92%*	94%*
Paid parental leave	28%	49%*	66%*
Paid family leave	31%	49%*	59%*
Other paid leave	46%	72%*	81%*
Pension or cash balance plan	13%	27%*	32%*
Emerging benefits	Less than 100	100-999	1,000 or more
Tuition reimbursement	13%	32%*	51%*
Financial coaching or guidance	13%	27%*	47%*
Earned wage access	11%	13%	17%*
Student loan repayment	5%	8%*	16%*
Emergency savings account	6%	9%*	10%*
Subsidies to pay for childcare	4%	6%*	12%*
Loan products	6%	7%	11%*
Home-buying assistance	3%	4%	6%*
N	2,296	1,774	2,812

Notes: Analysis excludes respondents who are business owners in their primary/main job.

** Statistically significant relative to “Less than 100.”*

Benefit Access by Financial Health

Table A5. Individuals whose households are Financially Healthy report greater access to most benefits than those who are Financially Coping or Vulnerable.

Individual access to employer benefits, by financial health tier.

Core benefits	Financially Healthy	Financially Coping	Financially Vulnerable
Health insurance	80%	75%*	69%*
Retirement plans (e.g. 401(k), 403(b), or Thrift Savings Plan (TSP))	78%	70%*	60%*
Life insurance	70%	62%*	55%*
Disability insurance (short-term or long-term)	68%	58%*	49%*
Paid time off (vacation and/or sick leave)	82%	81%	70%*
Paid parental leave	52%	43%*	32%*
Paid family leave	51%	42%*	30%*
Other paid leave	70%	59%*	49%*
Pension or cash balance plan	27%	22%*	15%*
Emerging benefits	Financially Healthy	Financially Coping	Financially Vulnerable
Tuition reimbursement	34%	29%*	21%*
Financial coaching or guidance	34%	26%*	19%*
Earned wage access	10%	13%*	20%*
Student loan repayment	10%	10%	6%*
Emergency savings account	9%	9%	5%*
Subsidies to pay for childcare	9%	7%*	4%*
Loan products	9%	7%*	8%
Home-buying assistance	6%	4%*	3%*
N	2,380	4,318	1,401

Notes: Analysis includes all respondents.

** Statistically significant relative to “Financially Healthy.”*

Appendix B: Detailed Methodology

Survey Details

Financial Health Network engaged SSRS to conduct the Essential Benefits Survey via the SSRS Opinion Panel among U.S. adults aged 18 and older working full-time or part-time. Data collection was conducted from January 27 to February 24, 2025 among a sample of n=8,099 respondents. The survey was conducted via web only in English (n=7,899) and Spanish (n=200). Data were weighted to represent the target population of U.S. adults ages 18 or older working full-time or part-time. The margin of sampling error for the complete set of weighted data is ± 1.6 percentage points.

All those drawn for this study were SSRS Opinion Panelists who are U.S. adults ages 18 or older working full-time or part-time. Sample was drawn using a probability proportional to size (PPS) methodology to ensure adequate representation of each demographic group while minimizing the variability of the final weights. The sample was additionally stratified by preferred survey language, race/ethnicity, and industry of interest to meet the sample size targets for each group.

Table B1. Completion rate of survey sample.

Total sample invited to participate	Screen-outs	Total eligible	Quality control removals	Incompletes	Quota full	Completions
20,823	847	19,976	27	1,523	86	8,099

Table B2. Design effects and margins of error.

	N	Design effect	Margin of error
Total sample	8,099	2.05	+/- 1.6 percentage points
White/other, non-Hispanic	5,214	1.78	+/- 1.8 percentage points
Black, non-Hispanic	963	2.08	+/- 4.6 percentage points
Asian, non-Hispanic	513	2.20	+/- 6.4 percentage points
Hispanic	1,409	2.73	+/- 4.3 percentage points

Understanding the Diversity of Work

To begin to capture nuance in people's work relationships, we asked respondents a series of questions about the characteristics of their work. First, all respondents were asked the following screener question:

Currently, are you employed full time, part time, or not at all?

- 1 Full Time
- 2 Part Time
- 3 Retired
- 4 Homemaker
- 5 Student
- 6 Temporarily unemployed
- 7 Disabled/unable to work
- 8 Other not employed
- 999 Don't know/Refused/Web Blank

Only those who indicated that they work full time or part time were invited to continue. We first asked respondents how many jobs they held. Respondents were then asked the following questions about their main job, or the job in which they work the most hours.

Q7a. In your current job [or “main job”, if respondent reported more than one job], do you work as an independent contractor, an independent consultant, or a freelance worker?

- 1 Yes
- 2 No
- 998 Don't know

Q7b. In your current/main job, are you ONLY called into work as needed, although you may be scheduled to work for several days or weeks in a row?

- 1 Yes
- 2 No
- 998 Don't know

Q7c. In your current/main job, do you work for a company that provides services to organizations or firms under short-term contracts?

- 1 Yes
- 2 No
- 998 Don't know

Q7d. In your current/main job, do you work a job that lasts for a limited time period or until the completion of a project?

- 1 Yes
- 2 No
- 998 Don't know

Q7e. In your current/main job, do you perform in-person or online tasks through a company that connects you directly with customers through an app or website?

- 1 Yes
- 2 No
- 998 Don't know

Q8. In your current/main job, do you own the business you work at?

- 1 Yes
- 2 No

Based on responses to these questions, respondents were assigned to the following:

- Individuals who did not respond “Yes” to any of the above were coded as **traditional employees (57%)**.
- Individuals who responded “Yes” to Q7a and did not respond “Yes” to Q8 were coded as **independent contractors (7%)**.
- Individuals who responded “Yes” to Q8 were coded as **business owners (10%)**.
- Individuals who did not respond “Yes” to Q7a or Q8 but responded “Yes” to at least one of Q7b, c, or d were coded as **other work arrangements (26%)**.

Calculating Living Wage

In the survey, we asked about regular earnings for the respondent at their main job, through a series of questions. Below are the assumptions we made for the purposes of determining whether someone earns a living wage or not:

- Full-time work throughout the year (2,080 hours / 52 weeks / 26 bi-weeks / 24 bi-months / 12 months).
- A working spouse earning the same income from their job.
- Two children under age 18.

We also collected information on household composition and employment status of a spouse/partner, if present. However, we opted to not use this data in the living wage calculation because this information is not available to employers directly. The methodology we followed can be easily replicated by any employer by using the living wage budgets published by the Living Wage Institute without any further data collection. The living wage figures we present in this study should be interpreted as an indicator of whether the respondents of this survey earn enough in their main jobs to support the basic needs of a family of four, if they were working full-time and there was another working adult earning the same income in their household.

In calculating regular earnings, we included any overtime/commission pay for people who regularly receive them (see Q12 below). Finally, we compared the total regular earning for the household to the living wage budgets for each county households reside in.

Q11. For your [current job / main job], which of the following is the easiest way for you to think about how much you earn before taxes or other deductions?

- 1 Hourly
- 2 Weekly
- 3 Every other week (bi-weekly)
- 4 Twice a month (bi-monthly)
- 5 Monthly
- 6 Annually

Q12. Do you regularly receive overtime pay, tips or commissions at your [current job / main job]?

- 1 Yes
- 2 No

IF Q11=HOURLY

Q13a. Excluding any overtime pay, tips, and commissions, what is your typical hourly rate of pay at your [current job / main job] before taxes or other deductions?

- 1 Less than \$5 per hour
- 2 \$5 to \$6.99 per hour
- 3 \$7 to \$7.49 per hour
- 4 \$7.50 to \$9.99 per hour
- 5 \$10 to \$14.99 per hour
- 6 \$15 to \$19.99 per hour
- 7 \$20 to \$24.99 per hour
- 8 \$25 to \$29.99 per hour
- 9 \$30 to \$39.99 per hour
- 10 \$40 to \$49.99 per hour
- 11 \$50 or more per hour
- 998 Don't know

IF Q11=WEEKLY

Q13b. Excluding any overtime pay, tips, and commissions, what is your typical weekly pay at your [current job / main job] before taxes or other deductions?

- 1 Less than \$200 per week
- 2 \$200 to \$279 per week
- 3 \$280 to \$299 per week
- 4 \$300 to \$399 per week
- 5 \$400 to \$599 per week
- 6 \$600 to \$799 per week
- 7 \$800 to \$999 per week
- 8 \$1,000 to \$1,199 per week
- 9 \$1,200 to \$1,599 per week
- 10 \$1,600 to \$1,999 per week
- 11 \$2,000 or more per week
- 998 Don't know

IF Q11=EVERY OTHER WEEK

Q13c. Excluding any overtime pay, tips, and commissions, what is your typical bi-weekly pay at your [current job / main job] before taxes or other deductions?

- 1 Less than \$400 every other week
- 2 \$400 to \$559 every other week
- 3 \$560 to \$599 every other week
- 4 \$600 to \$799 every other week
- 5 \$800 to \$1,199 every other week
- 6 \$1,200 to \$1,599 every other week
- 7 \$1,600 to \$1,999 every other week
- 8 \$2,000 to \$2,399 every other week
- 9 \$2,400 to \$3,199 every other week
- 10 \$3,200 to \$3,999 every other week
- 11 \$4,000 or more every other week
- 998 Don't know

IF Q11=TWICE A MONTH

Q13d. Excluding any overtime pay, tips, and commissions, what is your typical bi-monthly pay at your [current job / main job] before taxes or other deductions?

- 1 Less than \$450 twice a month
- 2 \$450 to \$599 twice a month
- 3 \$600 to \$649 twice a month
- 4 \$650 to \$849 twice a month
- 5 \$850 to \$1,299 twice a month
- 6 \$1,300 to \$1,699 twice a month
- 7 \$1,700 to \$2,199 twice a month
- 8 \$2,200 to \$2,549 twice a month
- 9 \$2,550 to \$3,500 twice a month
- 10 \$3,500 to \$4,299 twice a month
- 11 \$4,300 or more twice a month
- 998 Don't know

IF Q11=MONTHLY

Q13e. Excluding any overtime pay, tips, and commissions, what is your typical monthly pay at your [current job / main job] before taxes or other deductions?

- 1 Less than \$900 per month
- 2 \$900 to \$1,199 per month
- 3 \$1,200 to \$1,299 per month
- 4 \$1,300 to \$1,699 per month
- 5 \$1,700 to \$2,599 per month
- 6 \$2,600 to \$3,399 per month
- 7 \$3,400 to \$4,399 per month
- 8 \$4,400 to \$5,099 per month
- 9 \$5,100 to \$6,999 per month
- 10 \$7,000 to \$8,599 per month
- 11 \$8,600 or more per month
- 998 Don't know

IF Q11=ANNUALLY

Q13f. Excluding any overtime pay, tips, and commissions, what is your annual pay at your [current job / main job] before taxes or other deductions?

- 1 Less than \$10,000 a year
- 2 \$10,000 to \$14,999 a year
- 3 \$15,000 to \$19,999 a year
- 4 \$20,000 to \$24,999 a year
- 5 \$25,000 to \$31,999 a year
- 6 \$32,000 to \$40,999 a year
- 7 \$41,000 to \$51,999 a year
- 8 \$52,000 to \$61,999 a year
- 9 \$62,000 to \$84,999 a year
- 10 \$85,000 to \$102,499 a year
- 11 \$102,500 or more a year
- 998 Don't know

IF REGULARLY RECEIVE OVERTIME PAY

Q14. How much do you usually earn annually just in overtime, tips, or commissions at your [current job / main job] before taxes or other deductions?

- 1 Less than \$5,000 a year
- 2 \$5,000 to \$9,999 a year
- 3 \$10,000 to \$14,999 a year
- 4 \$15,000 to \$19,999 a year
- 5 \$20,000 to \$24,999 a year
- 6 \$25,000 to \$29,999 a year
- 7 \$30,000 to \$39,999 a year
- 8 \$40,000 to \$49,999 a year
- 9 \$50,000 to \$59,999 a year
- 10 \$60,000 to \$74,999 a year
- 11 \$75,000 to \$99,999 a year
- 12 \$100,000 to \$149,999 a year
- 13 \$150,000 or more a year
- 998 Don't know

Modelling the Link Between Compensation and Financial Health

We sought to explore the relationship between elements of compensation (wages and benefits) and financial health. Financial health occurs when households have positive cash flow, pay bills on time, save enough for the short- and the long-term, hold sufficient insurance coverage, have manageable debt, and plan ahead financially. The Financial Health Network measures financial health through a composite score (ranging from 0–100) that compiles respondents' answers to eight survey questions in these areas.

Workplace compensation can affect each of these areas, both directly and indirectly. Most obviously, people earn wages from their work that allows them to meet expenses and, provided sufficient surplus, build savings. Employers can also provide mechanisms for people to save and invest – through retirement accounts or emergency savings, for instance. Health insurance, for example, can protect against financial shocks and make treatment that might otherwise result in medical debt more affordable.

We developed a linear regression model to explore the direct relationship between 1) different elements of a worker's compensation, including their wages, and 2) financial health, controlling for demographic factors and work arrangement. This section discusses several components of the model.

INDEPENDENT VARIABLE

For benefit relationships, we have chosen to utilize “takeup” of a given benefit as our independent variable, rather than whether a household has access to a benefit. There are several reasons behind this choice:

- Takeup inherently implies access. One cannot use an employer retirement plan if they do not have access to it.

- Most of the value of a benefit lies in its use. If one has access to a retirement plan, but does not sign up for it, you would not expect to see a financial health benefit.
- Many benefits are offered as part of compensation packages (for example, paid time off and retirement benefits). Using takeup helps to reduce the collinearity found in analyzing benefit access by isolating those that are actually leveraged by the employee.

For our wage analysis, we use relative percentages of an area’s living wage (e.g. 75% of a living wage).

CONTROL FACTORS

Our model includes a number of controls to account for factors beyond wage or benefit use that may affect financial health. These include:

- Demographic factors: We control for known financial health disparities in race and ethnicity, gender, age, disability status, and veteran status. (For a more thorough discussion of these disparities, please see [Financial Health Pulse research](#).) We also control for household composition.
- Work arrangements: Our survey findings, as well as other research, demonstrate that benefit access depends to a large extent on whether one is a traditional employee compared to more precarious work, like an independent contractor or gig worker. We thus include work arrangement as a control in our model.
- Our model of the relationship between a particular element of compensation and financial health includes all the other elements of compensation that we tested. As such, when evaluating the relationship between the elements of compensation and financial health, it controls for the other variables in the model.

Estimation Results

The results from our model are given below. The coefficients represent the change in the FinHealth Score relative to the reference group of people, which are given in parentheses above each variable.

Paid parental leave and childcare subsidies will only be used by parents. To make a better comparison, we estimated the relationship between paid parental leave and financial health only for households with children under 18 in them. Similarly, we estimated the childcare subsidy coefficient only for parents who had a child born in the past 12 months.

Dental and vision insurance enrollment is highly collinear with health insurance enrollment in our sample. A large majority (92%) of households who are enrolled in an employer-sponsored health insurance plan are also enrolled in a dental/vision plan. We try to circumvent the challenge this poses for statistical inference by considering the dental and vision insurance enrollment conditional among those already enrolled in employer-sponsored health insurance.

Reference categories in bold	Change in FinHealth Scores
Household composition: Living alone	
Household composition: No spouse/partner, with children	-7.1*
Household composition: Spouse/partner, no children	2.2*
Household composition: Spouse/partner, with children	-2.1**
Household composition: Other adults, no spouse/partner or children	-0.3

Reference categories in bold	Change in FinHealth Scores
Gender identity: Male	
Gender identity: Female	-4.3*
Gender identity: I describe myself another way	-7.3*
Race and ethnicity: Asian	
Race and ethnicity: Black	-9.0*
Race and ethnicity: Latino	-6.0*
Race and ethnicity: White	-3.7*
Race and ethnicity: Other or mixed race	-4.1*
Age: 18-25	
Age: 26-35	-5.6*
Age: 36-49	-7.2*
Age: 50-64	-5.5*
Age: 65+	2.4*
Disability status: No disability	
Disability status: Have disability	-9.7*
Veteran in household: Yes	
Veteran in household: No	-2.3*
Type of work arrangement in main job: Traditional employee	
Type of work arrangement in main job: Independent contractor	-0.3
Type of work arrangement in main job: Other work arrangement	-0.8
Type of work arrangement in main job: Business owner	4.4*

Reference categories in bold	Change in FinHealth Scores
Living wage: Below 75%	
Living wage: 75 to 100%	1.6*
Living wage: 100 to 125%	2.7*
Living wage: 125 to 150%	5.2*
Living wage: 150 to 200%	9.5*
Living wage: 200% or above	9.0*
Benefits: Paid time off, no access	
Benefits used by household: Paid time off, use	1.8**
Benefits used by household: Paid time off, no use	-2.4*
Benefits: Paid parental leave, no access, conditional on having a child born in the last year	
Benefits used by household: Paid parental leave, use	-1.1
Benefits used by household: Paid parental leave, no use	2.4
Benefits: Paid family leave, no access, conditional on identifying as a caregiver	
Benefits used by household: Paid family leave, use	4.6*
Benefits used by household: Paid family leave, no use	1.5
Benefits: Other paid leave, no access	
Benefits used by household: Other paid leave, use	0.6
Benefits used by household: Other paid leave, no use	1.3**

Reference categories in bold	Change in FinHealth Scores
Benefits: Health insurance, no insurance	
Benefits: Health insurance, enrolled in a non-employer plan	6.7*
Benefits: Health insurance, enrolled in non-HDHP employer plan, no FSA contributions	5.1*
Benefits: Health insurance, enrolled in non-HDHP employer plan, makes FSA contributions	3.4*
Benefits: Health insurance, enrolled in HDHP employer plan, no HSA contributions	-0.4
Benefits: Health insurance, enrolled in HDHP employer plan, makes HSA contributions	6.7*
Benefits : Dental or vision insurance, no access, conditional on being enrolled in health insurance	
Benefits: Dental or vision insurance, enrolled	-3.1
Benefits: Dental or vision insurance, not enrolled	-2.3
Benefits: Disability insurance, no access	
Benefits: Disability insurance, enrolled	1.6**
Benefits: Disability insurance, not enrolled	2.9*
Benefits: Life insurance, no access	
Benefits: Life insurance, enrolled	-1.0
Benefits: Life insurance, not enrolled	-0.7

Reference categories in bold	Change in FinHealth Scores
Benefits: Retirement plans, no access	
Benefits: Retirement plans, use	5.6*
Benefits: Retirement plans, no use	-0.5
Benefits: Pension or cash balance, no access	
Benefits: Pension or cash balance, use	2.9*
Benefits: Pension or cash balance, no use	0.6
Benefits: Emergency savings account, no access	
Benefits: Emergency savings account, use	4.2*
Benefits: Emergency savings account, no use	1.1
Benefits: Student loan repayment, no access	
Benefits: Student loan repayment, use	-2.3
Benefits: Student loan repayment, no use	-0.5
Benefits: Tuition reimbursement, no access	
Benefits: Tuition reimbursement, use	-1.8
Benefits: Tuition reimbursement, no use	1.3*
Benefits: Subsidies to pay for childcare, no access, conditional on having children under 18	
Benefits: Subsidies to pay for childcare, use	5.6*
Benefits: Subsidies to pay for childcare, no use	2.2**

Reference categories in bold	Change in FinHealth Scores
Benefits: Work from home all or some of the time, no access	
Benefits: Work from home all or some of the time, use	5.2*
Benefits: Work from home all or some of the time, no use	2.4*
Benefits: Home-buying assistance, no access	
Benefits: Home-buying assistance, use	9.7*
Benefits: Home-buying assistance, no use	2.3**
Benefits: Financial coaching or guidance, no access	
Benefits: Financial coaching or guidance, use	2.7*
Benefits: Financial coaching or guidance, no use	-0.8
Benefits: Earned wage access, no access	
Benefits: Earned wage access, use	-7.6*
Benefits: Earned wage access, no use	-1.1
Benefits: Loan products, no access	
Benefits: Loan products, use	-7.6*
Benefits: Loan products, no use	0.3
Constant	64.7*
Observations	8099
Adjusted R-squared	0.3

* $p < 0.05$, ** $p < 0.1$



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