

How Retirement Security Can Boost Employee Health

dayforce

Introduction

Tens of millions of American workers are facing a dire and worsening retirement security crisis. In the last five years, the percentage of people concerned about it has risen from **67% to nearly 80%**. This is hardly surprising since **nearly half** of all households lack any retirement savings at all. At a time when inflation remains elevated, the cost of living is high, and real wage growth remains underwhelming, the prospect of meaningfully improving retirement outcomes seems woefully out of reach.

Introduced in the same year that the very first Millennials were born, 401(k) plans have almost completely replaced defined benefit plans such as pensions and have become the most **common type of retirement plan** provided by employers. Today, the vast majority of Americans continue to rely on employer-provided plans as their primary or sole retirement account. But by nearly every measure, it's clear that the current model simply isn't working for working people. To address this crisis, employers must innovate and implement new approaches. This research report is designed to give organizations the actionable intelligence they need to do just that.

Drawing from research conducted in partnership with the firm SSRS, *How Retirement Security Can Boost Employee Health* presents clear and compelling evidence that employees' financial and mental health can be meaningfully improved by increasing their ability to make progress towards a secure retirement. The impacts are particularly beneficial for certain groups of workers, including those who are Black and Latino, those in households making less than \$75,000 a year, and those in Gen Z. In addition, this report also documents meaningful gaps in access to retirement plans as well as uneven levels of participation. Importantly, we also discovered a surprising level of support for scrapping some of the traditional ways that employers contribute to retirement plans in favor of newer and bolder approaches.

We hope all organizations carefully review these findings and evaluate how greater investments and innovative new approaches may improve their people's retirement security, health, and well-being.



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Key Insights

Employee Health

96%

of workers said that increased employer contributions to their retirement accounts would help their mental or financial health—with over 50% saying it would be extremely helpful.

94%

of women said a matching emergency savings account benefit would help their mental health—with 44% saying it would be extremely helpful.

92%

of Black and Latino workers said that financial literacy education would help their financial health—with 43% saying that it would be extremely helpful.

84%

of Gen Z workers said that a matching student loan repayment benefit would help their financial or mental health—with 41% saying it would be extremely helpful.

Workplace Experience

64%

of workers under 30 said that a matching emergency savings account benefit would improve their experience at work or their perception of their employers.

50%

of Gen Z workers said the same about having access to a matching student loan repayment benefit.

Participation and Access

32%

of Gen Z workers do not participate in a retirement plan that they have access to compared to 13% of workers who are older.

29%

of workers would forgo a contribution matching model for one that gives all employees the same amount.

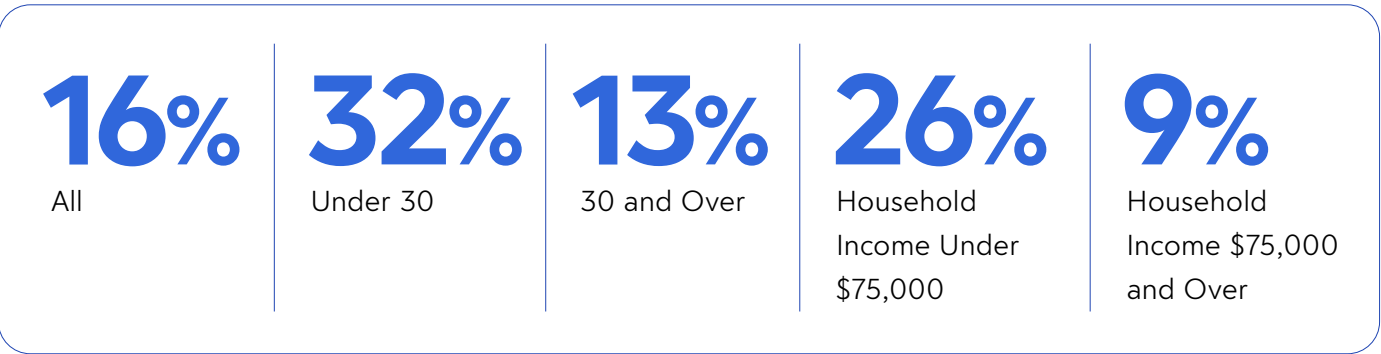
Gaps in Participation and Access

People who are experiencing financial and mental health challenges are significantly more likely to lack access to a retirement plan through their jobs. While 15% of full-time workers in the U.S. currently cannot access an employer-provided retirement account, that number rises to 25% of those who rate their financial health as poor as well as 26% of those who say the same about their mental health. Notably, individuals under 30 (32%) are far more likely to not participate in a plan that they already have access to compared to those who are older (13%), as are those in households making less than \$75,000 a year (26%) compared to those earning more (9%).

Lack Access to Retirement Account Through Their Employer

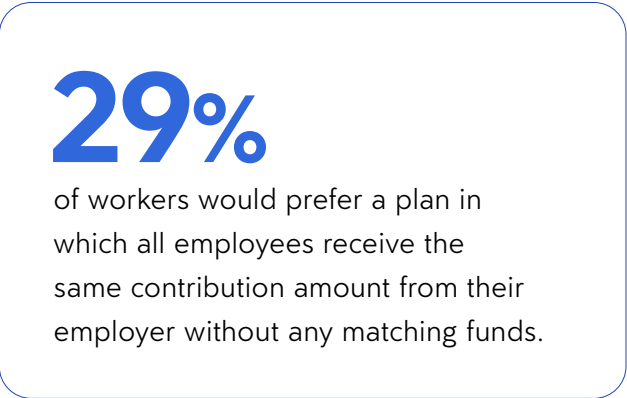


Have Access But Do Not Participate



New Approaches

Given the scale of the retirement security crisis and the inability of tens of millions of workers to set aside any money for their retirement, there is a robust debate among experts about whether the “401(k) experiment” has failed. Our research indicates that many workers are willing to scrap the current model of defined contribution plans in which an employer matches a portion of an individual worker’s contribution. Our survey results show that nearly three in ten workers (29%) would prefer to receive the same amount as the rest of their colleagues rather than receive matching funds. This level of support rises to 35% for those in households making less than \$75,000 a year, as well as those who rate either their financial or mental health as poor.



Impact on Wellness

Mental Wellness

Increased Retirement Contributions for Mental Health

Our survey results clearly demonstrate that increases in employer contributions to retirement can be remarkably beneficial to the health and well-being of employees. In fact, over nine in ten (96%) of all respondents said that it would help their mental health, with more than half (51%) reporting that it would be extremely helpful.

96%

said it would be helpful to their mental health.

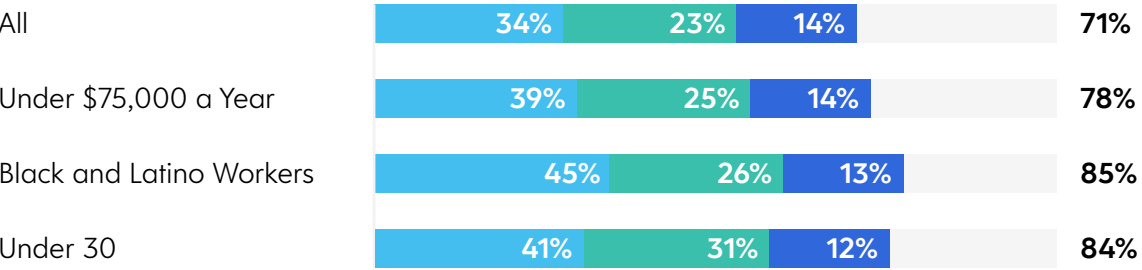
51%

said it would be extremely helpful to their mental health.

Matching Student Loan Contributions

In addition to increases in employer contributions to retirement accounts, newer approaches that allow workers to leverage those funds to reduce other financial burdens can also be very beneficial. For example, the SECURE 2.0 Act enables employers to match employee student loan payments with corresponding contributions to retirement accounts. In this way, employees can use funds in their retirement accounts to make a student loan payment, and their employer can put an equivalent amount back in that same retirement account. In our survey, 71% of respondents said such a benefit would help their mental health. This number rises to over eight in ten Black and Latino workers (85%) and those under 30 (84%), with 78% of those in households making less than \$75,000 a year saying the same. In addition, four in ten (40%) workers who rate their mental health as poor would see reduced levels of anxiety and stress if offered this benefit.

Benefits of Student Loan Matching Program



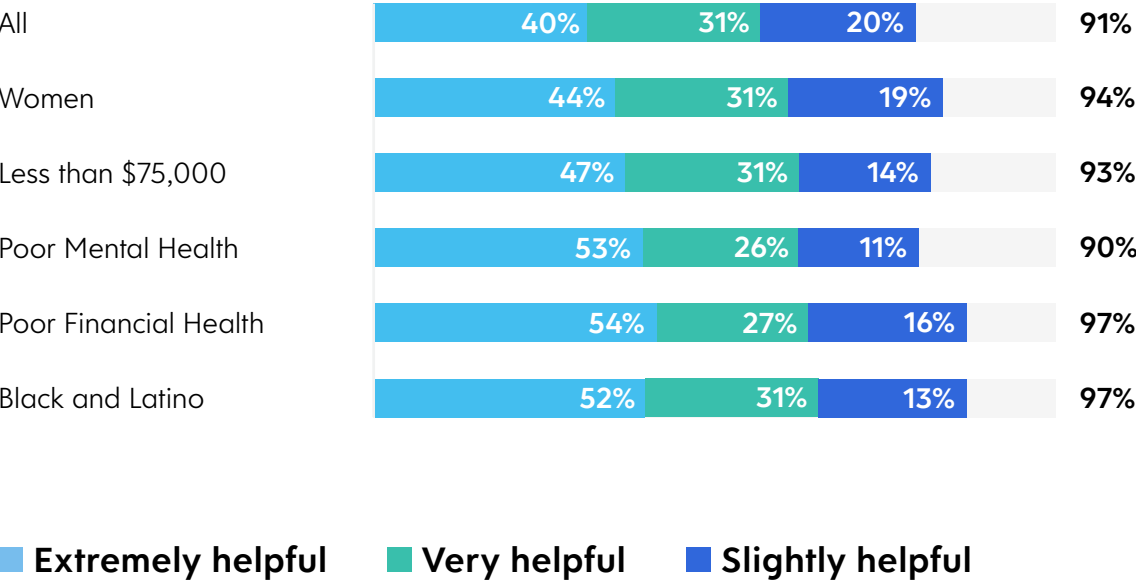
■ Extremely helpful ■ Very helpful ■ Slightly helpful



Matching Emergency Savings Contributions

Another innovation for defined contribution plans such as 401(k)s are emergency savings accounts that exist either alongside or within the retirement plans offered to employees. Organizations that provide these accounts have the ability to match worker contributions. Over nine in ten (91%) workers said that such a benefit would help their mental health, with that level increasing to 94% of women, 97% for Black and Latino workers, and 93% of those making less than \$75,000 a year. In addition, 97% of workers who rate their financial health as poor, as well as 90% of those who rate their mental health as poor, would be very or extremely helped by access to this benefit.

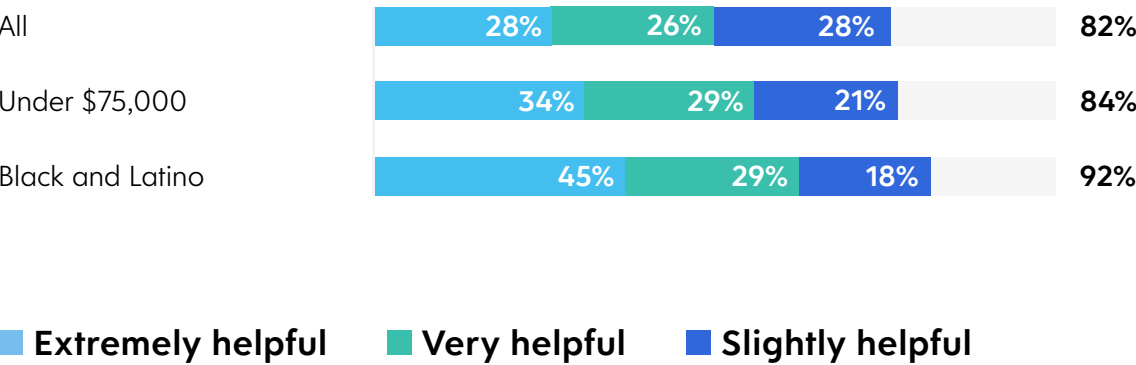
Benefits of Emergency Savings Contributions



Financial Literacy

A lack of financial liquidity prevents many workers from setting aside funds to contribute to workplace or individual retirement accounts. One promising approach to address this is for employers to provide financial literacy training, education, and coaching. Over eight out of ten respondents (82%) said such a benefit would help their mental health and wellbeing. In addition, 92% of Black and Latino workers said the same, as did 84% of workers in households making less than \$75,000 a year.

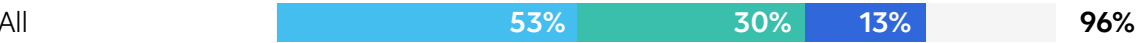
Benefits of Financial Literacy, Training and Education



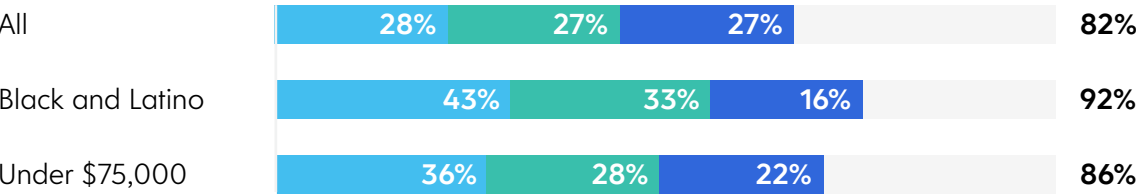
Financial Wellness

In addition to very positive impacts on mental health and well-being, our survey research presents compelling evidence that greater support for retirement security would meaningfully improve employee financial health. For example, more than nine in ten workers said that increasing employer contributions to their retirement account each pay period would help their financial health. This includes 53% who said it would be extremely beneficial. In addition, financial literacy education and student loan repayment assistance would be of substantial help for many workers. The level of impact for some of these plan improvements is higher for certain groups, including those who are Black and Latino, under 30 years old, and those living in households with less than \$75,000 in annual income.

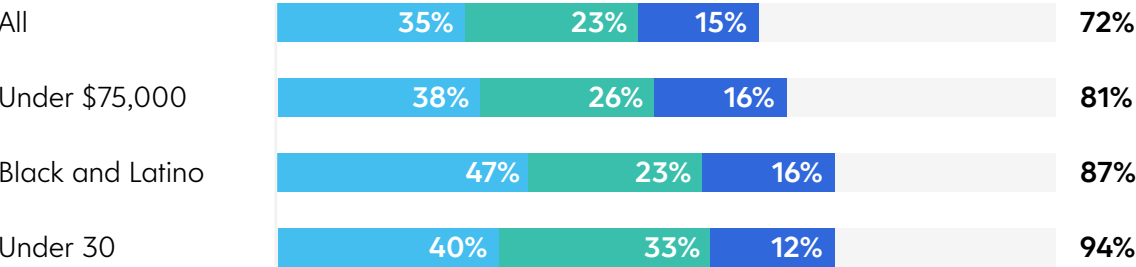
Increases in Retirement Contributions for Financial Health



Financial Literacy, Training, and Education Programs



Student Loan Matching Benefit



■ Extremely helpful ■ Very helpful ■ Slightly helpful





Spotlight: Benefits of Matching Emergency Savings

The survey data is conclusive that offering an emergency savings account and matching employee contributions would meaningfully improve all workers' financial health and mental well-being. But the results also show that this benefit can meaningfully help people achieve specific types of improved health outcomes. Importantly, it can also improve their perception of their employer and their experience as employees.

Overall, nearly four in ten (38%) of workers say that access to an emergency savings account with employer-matched funds would help reduce their level of stress and anxiety. In addition, 61% of those who rate their financial health as poor, as well as 55% of those who rate their mental health as poor, would experience the same improvement. Moreover, 38% say it would help improve their financial health, and a full half (50%) of respondents say it would help them pay for unplanned or unexpected expenses. In addition, 60% of those who rate their financial health as poor and 64% of those who rate their mental health as poor would benefit in the same way. Just over half (51%) of the latter category would also see improvements to their financial health if they had access to an emergency savings account with matching funds.

On the workplace experience front, nearly half (47%) of full-time workers said that access to an emergency savings plan with a matching benefit would meaningfully improve their work experience or their perceptions of their employer. Importantly, this number rises to 50% for those experiencing poor financial health and 62% for those experiencing poor mental health.

The specific benefits of this program for Gen Z workers are significant. Nearly two-thirds (64%) of workers under 30 said access to this benefit would improve their experience at work or their perception of their employers. This includes 43% who say they would feel more valued, 35% who say they'd be more likely to recommend their employer, and 38% who say they'd be more likely to stay rather than look for a new job.

Spotlight: Impact of Student Loan Matching on Employee Perception Among Gen Z

In addition to the impact that offering a student loan payment matching program would have on the mental and financial health of employees under 30, Gen Z respondents also said that this benefit would positively impact their workplace experience. Half (50%) of Gen Z respondents said that having access to a retirement account with a student loan repayment match would improve their experience at work or the perception of their employers. This includes 35% who say that they would feel more valued by their employer, 32% who say that they would be more likely to recommend them to a friend, colleague, or family member, and 29% who say that they'd be less likely to look for a new job.

Conclusion

America's retirement crisis has left tens of millions of workers without the ability to enjoy the safe and secure retirement that they have earned and deserve. As this report shows, employers can significantly improve the mental and financial health of their employees by making deeper investments and trying new and innovative approaches. This is especially true for younger workers, lower-income workers, and those in communities of color. As traditional approaches and models continue to falter, employers have both the opportunity and responsibility to look at new ways to better support their employees. The evidence is clear that employers have the opportunity to adopt new strategies that can improve the health of their workforce, boost the retirement security of their people, and help address the nation's deep and worsening retirement crisis.





Methodology

Dayforce engaged SSRS to conduct this survey via the SSRS Opinion Panel among U.S. adults ages 18 and older who are currently working full-time. Data collection was conducted from March 31 to April 11, 2025, among a sample of 1,003 respondents.

The survey was conducted via web in English (n=954) and Spanish (n=49). Data was weighted to represent the target population of U.S. adults ages 18 or older who are currently working full-time. The margin of sampling error for the complete set of weighted data is ± 3.3 percentage points.



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