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FINANCIAL SECURITY AT THE CORE

Building a Benefits Infrastructure Supporting
Connection, Care, and Confidence for All Workers



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| AUTHOR

Rachel Black authored this report.

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| ABOUT THE ASPEN INSTITUTE FINANCIAL SECURITY PROGRAM

The Aspen Institute Financial Security Program's (FSP) mission is to illuminate and solve the most critical financial challenges facing American households and to make financial security for all a top national priority. We aim for nothing less than a more inclusive economy with reduced wealth inequality and shared prosperity. We believe that transformational change requires innovation, trust, leadership, and entrepreneurial thinking. FSP galvanizes a diverse set of leaders across the public, private, and nonprofit sectors to solve the most critical financial challenges. We do this through deep, deliberate private and public dialogues and by elevating evidence-based research and solutions that will strengthen the financial health and security of financially vulnerable Americans. To learn more, visit AspenFSP.org, join our mailing list at <http://bit.ly/fspnewsletter>, and follow [@AspenFSP](https://twitter.com/AspenFSP) on Twitter.

| ABOUT BENEFITS 21

Benefits21 at the Aspen Institute Financial Security Program works toward a future in which all workers across the US have access to—and make use of—equitable benefits. Benefits21 produces tools and insights, convenes cross-sector leaders, and spurs market and policy innovation to close benefit gaps today and modernize public- and private-sector benefits to ensure the financial security of all workers.

Introduction

The Benefits21 initiative is dedicated to integrating and modernizing our system of benefits, both public and private, to ensure all households have financial security and can live economically dignified lives. To inform the identification of a core set of **person-centered** benefits that all workers need, Aspen FSP has undertaken a series of multi-method research activities with cross-sector stakeholders—from benefit leaders within government and the private sector to workers themselves—to answer three key questions:

1. *What role do benefits play in the financial lives of workers?*
2. *What needs are most foundational to the design of a core bundle of benefits that ensures the well-being of all workers? and,*
3. *What other factors are essential for effectively designing and delivering benefits to ensure workers’ well-being?*

The findings presented in this brief serve as a summary of this research and establish a foundation for future work to operationalize the delivery of benefits that benefit providers, business leaders, policy makers, and researchers can use as a roadmap for creating a more inclusive, equitable, and effective system of benefits.

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Methodology

This brief aims to surface the insights necessary to inform the design and delivery of a core bundle of benefits that all workers need to achieve financial security. To do so, it synthesizes findings from five sets of research activities, described below. We anchor our approach in the Benefits21 principle of “people-centricity” which ensures that the design and delivery starts with the lived experience and expertise of the people these policies are intended to serve. By prioritizing methods that foreground how workers are experiencing the current system of benefits, illuminating what’s working and what’s left undone, we are best able to determine responsive solutions that are designed to be successful in the context of their lives.



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This report represents the synthesis of five strands of research activities, including:


- 1. *Landscape analysis*** of the performance of 22 existing public and private benefits according to their access, use, and outcomes for workers, and documenting gaps among these metrics, via Aspen FSP’s [2022 Benefits Scorecard](#);
- 2. *Literature review*** of documents including Aspen FSP’s prior publications and data collected from previous FSP focus groups on related topics, along with external publications, articles, and worker-generated policy agendas;
- 3. *New interviews with workers*** of diverse demographic profiles and employment backgrounds conducted in March 2022, to provide insight on their core benefit needs and experiences of navigating the existing landscape of benefits and what changes might be necessary to improve their well-being¹;
- 4. *Consultation with Aspen FSP’s Community Advisory Group*** of leaders with lived experience of financial insecurity for feedback on the analysis and findings of worker interviews; and,
- 5. *Expert focus groups*** with private and public sector leaders in the benefits field, conducted at the Benefits21 Leadership Forum in April 2022, to identify points of convergence, tension, and priorities around core benefits needs and the design and delivery of benefits.²

Key Findings


The Role Benefits Play in the Financial Lives of Workers

 **Finding 1: Effective benefits support worker well-being by enabling connection, care and confidence.**

- **Connection:** Effective benefits allow workers the time to establish and nurture meaningful relationships with their loved ones and community.
- **Care:** Effective benefits support workers' ability to engage in the activities that support life, health, and flourishing for themselves and those they are responsible for.
- **Confidence:** Effective benefits provide workers the tools that promote their agency within their lives and employment relationships, enabling them to navigate changes, whether unforeseen, like a health emergency or loss of job, or chosen, like having a child or going back to school.

 **Finding 2: For a set of benefits to support the well-being of all workers, they must meet four financial needs.**

1. **Supplementing income and providing stability:** Benefits that stabilize and boost resources support a household when labor income alone is insufficient.
2. **Protecting income:** Benefits that provide a baseline level of income when labor income is interrupted.
3. **Reducing cost-of-living expenses and supporting essential needs:** Benefits that enable access to or ensure the affordability of essential needs.
4. **Building financial resilience and wealth:** Benefits that allow workers to establish a pool of resources to weather financial shocks in the short term and invest in ways that support financial security in the long term.

 **Finding 3: Existing benefits perform inconsistently in supporting these needs, creating disparities in worker well-being. Key features that boost performance include reliability, sufficiency, and trust.**

Despite the number of public benefit programs and the proliferation of workplace benefit programs to promote well-being, not all workers have access to the same types or quality of workplace and public benefits, and many workers earn wages that are too low to pay for basic needs.³ Public and private systems create variations in benefit performance, which is compounded at the household level where workers frequently receive different benefits through both systems, often resulting in confusion and complication. Therefore, addressing any one driver of underperformance in isolation will have limited impact on improving the system from a household perspective.

Instead, a modernized system of benefits should be coordinated around a core set of features to achieve positive outcomes for all workers. According to the workers we interviewed, whether or not they experience benefits that support their financial well-being depends on three factors: the **reliability** of the benefit, the **sufficiency** of the benefit in meeting financial needs, and whether or not the experience of accessing the benefit engenders **trust**. [See [Kendra's story](#) for an illustration of how these features shape how effectively benefits support her well-being.]

Within the current landscape of benefits, higher-income, full-time employees receiving workplace benefits are most insulated from the challenges of insufficiency, unreliability, and complication, and generally are the only segment of workers who stand a reasonable chance of achieving financial security.⁴

...workers frequently receive different benefits through both systems, often resulting in confusion and complication.

Key Features Influencing Worker’s Experience with Benefits

Key Performance Feature	 When Benefits Are Underperforming	 When Benefits Are Performing Well
 <p>Reliability</p>	<p>Benefits are deeply unreliable, creating needless complexity and confusion and risk of loss in access to needed resources due to any change in their circumstance, such as fluctuations in their hours or earnings, change in employers, or time off to deal with an ongoing health condition or care for a child or parent.</p> <p><i>“My SNAP benefits were terminated... because I didn’t upload my information in time and also at one point they were decreased because my social worker wrote down what I said incorrectly.”</i></p> <p>– E.S., California</p>	<p>Benefits are reliable, providing clarity, consistency, and ease of access and use. This predictability provides workers with the peace of mind and confidence necessary to be more present in their day-to-day lives and plan for the future in ways that aren’t dictated by risk or fear of loss.</p> <p><i>“When the kids were out of school because of COVID and they couldn’t go to school, they gave us the P-EBT cards. Even though I am a full-time employee, even though I have a job, ...during that time frame it was a help.”</i></p> <p>– K.J., Pennsylvania</p>
 <p>Sufficiency</p>	<p>Benefits are insufficient for meeting their financial needs. In the absence of benefits that were sufficiently meeting their needs, workers were filling holes by taking on debt, taking on extra work, or sacrificing taking care of their immediate well-being or planning for the future.</p> <p><i>“[Un]reasonable copayments is probably the reason a lot of people don’t go to the doctors because their copay is astronomical.”</i></p> <p>– K.J., Pennsylvania</p>	<p>Benefits are sufficient for meeting their financial needs. Workers are able to anticipate that their needs will be met in the near-term and in the future, and consequently, are able to direct their time, attention, and resources according to their own needs, preferences, and values.</p> <p><i>“The good news is I actually got out of debt and rebuilt my credit because of the unemployment [insurance income] and not really spending.”</i></p> <p>– E.S., California</p>
 <p>Trust</p>	<p>Benefits create negative experiences for workers that alienate them from the institutions providing them. For workers attempting to access the public benefits system in particular, when these benefits failed to meet demonstrated need, they were seen as actively inflicting harm and the government as either indifferent or hostile to their needs.</p> <p><i>“[W]hen you’re without any income and no food on the table and you’re in need, you have to go through their system and basically beg and plead with somebody that’s very nasty to you.”</i></p> <p>– J.C., New York</p>	<p>Benefits create positive experiences for workers that engender trust with the institution providing them. Generous benefits that are easily accessed confer dignity and respect and can reinforce a positive identity on workers, as an employee, taxpayer, or caregiver. As a result, workers see themselves as part of a valued constituency.</p> <p><i>“The benefits were great...you had 4 weeks of paid vacation the minute you walked in the door, there was no waiting period...that first year it was a 18% bonus...not even having been here for more than a month and I’m logging into all of these benefits.”</i></p> <p>– J.C., New York</p>



One Worker's Experience with Benefits: Kendra's Story

For workers outside of a privileged minority, lack of *reliable, sufficient, and trusted benefits* creates hardship and uncertainty. This was the case for Kendraⁱ, a mom of 3 living in New York.

Even a stable job doesn't cover her basic living and family care expenses

By her own account, she had a good job. In fact, it was a job she had started 4 years prior to when we spoke because of the stable, though modest, full-time salary, generous benefits like health insurance and a pension, and flexibility that allowed her to attend to the needs of her active family. Still, there was a widening gap between what she was earning and the cost of caring for her family. In the absence of available benefits to shore up her cash-flow, she was devoting an increasing amount of her limited time outside her primary job working to bring more income into her home, taking a second job on the side cleaning houses and considering a third to be able to meet her mounting expenses.

After investing her savings the previous year in the purchase of a home, she had little buffer when she caught COVID and started getting behind on her bills. Then, her father was diagnosed with dementia and she took on additional expenses related to his care. Now, she's eager to rebuild her savings to the 3-6 months of income she knows is recommended, but knows this will have to wait. Her youngest child plans to enroll in college in the fall, and Kendra wants to contribute as much as she can so her daughter can avoid taking out student loans.

Understandably, the stress has been taking a toll. At the end of the day, she describes her energy being spent before walking in the door and beginning family life. She regrets the impact her stress has on their time together. "I know I'm an employee, but I'm also a full-time parent." She sees a therapist to help her navigate the

challenges she's facing, though she finds the \$30 co-pays for her therapist to be prohibitive for going as frequently as she needs. And, "Sitting in your car doesn't count as therapy."

Ultimately, Kendra said, families need more than help managing their stress, they also need financial support to relieve it. When asked how her life would be different if all of her needs were met, Kendra said her life "wouldn't be as frustrating having to deal with" all of her responsibilities while caring for her sick father. Instead, she could "focus on [her father] without it being a stressor."

Public benefits have been valuable but unreliable

Years earlier when all of her children were at home and her lower income made her eligible for SNAP, the benefits provided some of this relief, but only for a time. "The road wouldn't have had to be so rough in some areas if the assistance stayed until I was fully stable...you don't cut me as soon as I make an extra 10 dollars...give a person at least a year or so to get fully acclimated." Similarly, she described receiving the temporarily expanded Child Tax Credit in 2021 as "a blessing," giving her a little breathing room while it lasted, but she also lamented its expiration.

More broadly, she expressed dismay and frustration that other programs she's turned to for help take a look at the existence of her modest income and disqualify her for benefits, disregarding the fuller picture of how inadequate that income is against her financial obligations. Meanwhile, program staff "shame people for using them," which creates a deterrent to seeking support when it's needed.

"People still need help sometimes."

While this is Kendra's story, the experiences she described are widely shared and underscore the need for benefits that provide **reliability, sufficiency, and trust**.

ⁱ Name has been changed to protect anonymity.

Needs That Are Most Foundational to the Design of a Core Bundle of Benefits That Ensures the Well-being of All Workers



Finding 4: Workers have diverse financial circumstances. This suggests that a broad suite of benefits should ideally be universally available, so that workers can easily access the particular benefits most relevant to their specific needs.

Across household and financial circumstances, all workers require benefits supporting the four key financial needs (1. *Supplementing income and providing stability*, 2. *Protecting income*, 3. *Reducing cost-of-living expenses and supporting essential needs*, and 4. *Building financial resilience and wealth*). However, each household has its own unique strengths and faces its own set of challenges. The composition of a household and the financial resources and tools it has on hand to navigate challenges or plan according to their aspirations creates a hierarchy of needs that orders the urgency and priority of certain benefits. Workers with children at home, or parents in need of care, for example, require a suite of benefits to support their caregiving responsibilities.

Likewise, despite the eventual need for all workers to have a secure income in retirement, households with insecure housing or difficulty putting food on the table may not be able to utilize benefits supporting retirement savings until those immediate needs are satisfied. Accordingly, while both benefit leaders and workers we interviewed identified benefits to build savings and wealth as a priority deserving robust support, they also agreed that benefits securing immediate well-being were most urgent for all workers. Therefore, workers with limited cash flow to divert to retirement savings may require saving and wealth-building benefits that provide funding from sources other than their own net income, such as employer or government contributions to retirement accounts.



Finding 5: Among this diversity of financial circumstances is a set of universal needs that provide a foundation for building a standardized set of benefits. Benefits that support health care, paid leave, and income protection and sufficiency provide a minimal starting point for building a core bundle that all workers need.

The following benefit types establish a foundation for supporting universal needs that ensure immediate well-being and lay the groundwork necessary for wealth-building over time.

- **Healthcare:** Benefits that allow workers and their families to get the medical care they need, when they need it, in a way that is not financially ruinous.
- **Paid leave:** Benefits that provide wage replacement when taking time off work to address a health concern, bond with a new child, or care for a loved one.
- **Income Protection and Sufficiency:** Benefits that provide a reliable source of income that compensates for insufficient or interrupted labor income and provides a foundation for building financial resilience and wealth.



Finding 6: Innovation is needed in benefits to enable all workers, especially those not currently in a position to set aside meaningful amounts of savings, to begin to build wealth immediately.


Despite the financial challenges constraining the ability of the low-income workers we spoke with to save, most identified savings as a priority. In their experience, benefits played a clear role in either supporting or undermining this goal. Benefits that boosted their household income or reduced their expenses allowed workers to build up resources for near-term and long-term purposes. In contrast, benefits that imposed asset limits prohibit workers from having modest amounts of savings as a condition of eligibility. A man receiving disability benefits in

New York, for example, told us he wanted to earn more money to build his savings and pay down his debt, but, “If I go over my (asset) threshold...I would have to spend it immediately because if it’s sitting that would disqualify me for some benefits or reduce my SNAP benefits which has a domino effect...so it’s really difficult.”

Importantly, in addition to enabling workers to divert resources toward saving and wealth-building by boosting cash-flow, benefits can also support these purposes directly. Employers

and government entities can provide benefits dedicated to saving and building wealth by offering financing methods outside of the availability of a worker’s own resources – such as retirement account contributions made by employers or from public sources – and mechanisms to make these resources easy to access and use. Contributions to retirement or emergency savings accounts facilitated by auto-enrollment are examples of this practice typically reserved for higher-income, salaried workers today.⁵

Other Factors Essential for Effectively Designing and Delivering Benefits to Ensure Workers’ Well-being


 **Finding 7: Benefit delivery plays a decisive role in whether benefits effectively support worker well-being. “Bundled” or centralized benefits access is highly valued by workers.**

Offering these types of benefits alone is not enough. Aspen FSP’s work found that how institutions deliver benefits is critical for ensuring they successfully perform their functions. In particular, people-centric benefit delivery effectively enhances the benefit value by *eliminating points of friction* such as onerous documentation, long waiting periods, or access or usage fees or costs, and by *providing predictability*, with timing and frequency aligned with workers’ needs.

Notably, workers we interviewed placed value on the convenience and streamlined experience of receiving benefits that were “bundled” in their delivery, most frequently provided through the HR office of their employer. This centralization of benefits determination and administration enabled “one-stop shopping” to access a suite of benefits to which a worker may be eligible, as well as provided a single point of contact if challenges needed to be resolved.

This experience contrasts with those of workers attempting to receive benefits through multiple, decentralized points of access. This fragmentation is common among public benefits due to varying governmental levels of program administration.

As a woman who saw her business shrink during the pandemic and sought programs like Medicaid and Unemployment Insurance for the first time shared with us, navigating all these benefit systems is a “part time job I’m not getting paid for.”

 **Finding 8: Workers and benefits leaders alike see a need for a new narrative around benefits that appropriately situates their importance in people’s lives and creates a sense of ambition and urgency around modernizing our benefits to ensure the dignity of all workers.**

Similarly expressed across interviews with workers and discussions with cross-sector leaders in the benefits field was a sense that the language of “benefits” diminishes the role that the supports themselves provide to the workers who receive them, while also casting those supports as discretionary, bestowed according to the preferences or priorities of the institutions that provided them, rather than as foundational needs in all workers’ lives.

We envision a new system of benefits, designed and built as essential social infrastructure available to all workers, enabling them to live lives full of connection, care, and confidence, regardless of where they start or challenges they encounter.

Conclusion

The failures of the current benefit system, both publicly or privately administered, arise from a misalignment of benefit design and delivery with the needs of workers those benefits should be serving. As an alternative, Benefits21 is committed to a people-centric approach to modernizing our system of benefits, supporting the development of tools, insights, and participatory processes, as well as cultivating the leadership and partnerships that spur market and policy action, to move this vision forward.

This phase of research has concluded by proposing a starting point for building a core bundle of benefits that all workers need to achieve financial security and live with economic dignity. Our next phase of work will deploy a cross-sector, multi-stakeholder approach to operationalizing delivery of these benefits that:

- **Explores opportunities** to close critical benefit gaps in access and usage through policy and market-based solutions, and signal what changes are needed to improve and modernize the design and delivery of benefits;
- **Develops partnerships** to use the **2022 Benefits Scorecard** to assess benefit performance for specific types of workers, states, industries, and employers. Through these partnerships, we can also gauge changes to benefits over time and their impact on equitably and effectively supporting workers' financial security; and,
- **Sets up a roadmap** that identifies new ways to administer, offer, and deliver benefits, both those focused on supporting foundational needs as well as longer-term wealth building, to equitably meet the financial security needs of all workers.

Endnotes

- 1 Interview participants were selected to provide perspective on the relationship between employment status, benefits, and financial security. Each participant occupied one of three employment categories at the time they were interviewed: Employed full-time; Employed part-time or for multiple employers, or not currently employed. Importantly, most participants had work histories that crossed multiple employment categories and exposed them to benefits from both the public and private systems. Household income of participants was below \$100,000. Participants were between the ages of 35 and 54. Most identified as being Black, Hispanic, or non-white, and there was an approximate balance between participants who identified as either male or female. To connect with interview participants we partnered with SaverLife, a technology-enabled nonprofit that helps people build savings. More information about the SaverLife members and their perspectives on employment status, benefits, and financial security can be found at about.saverlife.com.
- 2 [The Benefits21 Leadership Forum in April 2022](#) brought together more than 50 experts in both public and private benefits. Centered on the needs of workers, the Forum convened corporate leaders, policymakers, worker advocates, entrepreneurs, and researchers to accelerate convergence on solutions for closing gaps in public and private benefits access, usage, and outcomes today – and imagining and inventing the benefits solutions workers will need tomorrow.
- 3 Ross, Martha and Nicole Bateman. “Meet the Low-Wage Workforce.” The Brookings Institution, November 2019. <https://www.brookings.edu/research/meet-the-low-wage-workforce/>.
- 4 Elmi, Sheida. “The Complete Financial Lives of Workers: A Holistic Exploration of Work and Public and Workplace Benefit Arrangements.” Aspen Institute Financial Security Program, March 2021. <https://www.aspeninstitute.org/publications/the-complete-financial-lives-of-workers/>.
- 5 Abbi, Sarika and Hernandez, Karina. “2022 Benefits Scorecard: Assessing the Performance of Public and Private Benefits in Supporting Worker Financial Security.” Aspen Institute Financial Security Program, July 2022. <https://www.aspeninstitute.org/publications/2022-benefits-scorecard/>.

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