



2023 Mid-Year Lifestyle Benefits Benchmarking Study

Revealing 2023 trends and year-end predictions





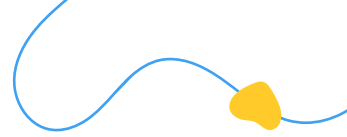
Introduction

In today's competitive job market, attracting and especially retaining top talent has become a critical challenge for organizations. Employee benefits play a crucial role in adding value beyond salaries, ultimately contributing to a more positive work environment, increased job satisfaction, and enhanced employee engagement.

Offering the standard 401(k) and health insurance plans are no longer sufficient. Job seekers expect these benefits as a baseline in total compensation. To truly differentiate your organization and demonstrate your company's commitment to employee growth, wellbeing, and work-life balance, it is essential to provide unique and impactful benefits.

Before delving into the voluntary lifestyle benefits that will set your company apart based on current Compt user data, it is important to first establish the foundation of benefits defined as "table stakes" because job seekers now consider them basic necessities. Without these benefits, employers may struggle to attract and retain top talent. The following are considered essential:

- Medical Insurance
- Paid Time Off (PTO)
- Family and Medical Leave
- Parental Leave
- Unemployment Insurance Benefits
- Dental Insurance
- Workers' Compensation Insurance
- Medicare and Social Security Contributions



Are You Meeting Employee Expectations?

While some of the essential benefits, such as health insurance and medical leave may be legally mandated, others like PTO and retirement plans are not. Nevertheless, the best candidates will often disregard job offers that don't include the aforementioned list.

MetLife's 2022 Employee Benefit Trends Study sheds light on the changing expectations employees have when evaluating modern benefits packages. Employees now also increasingly value health and wellness programs, flexible working arrangements, policies that promote work-life balance, diversity, equity, and inclusion (DEI) initiatives, as well as development, training, and advancement opportunities.

Interestingly, a gap seems to exist between what employers believe employees need and what they actually desire. While employers are now offering more benefits than ever before, they often miss the mark on what truly matters to their employees.

Purpose of Compt's Annual Mid-year Benchmarking Study

This extensive benchmarking study aims to delve into the realm of employee lifestyle benefits, focusing on identifying effective strategies and emerging trends in employee stipend spending. By analyzing data and insights exclusively obtained through Compt, a leading provider of employee perk stipend programs that uses a reimbursement model, this report will equip organizations with the knowledge and understanding necessary to optimize their perk offerings and gain a competitive edge in attracting and retaining the best talent.

This report also identifies three emerging trends for the remainder of 2023 based on the data and market changes observed during the study. These predictions are designed to help organizations anticipate and adapt to evolving employee expectations and market dynamics.



Study Methodology and Data Sources

This benchmarking study leverages data obtained from Compt, a leading provider of employee perk stipend programs. The data analyzed covers the period from January 1 to July 1, 2023, providing a comprehensive snapshot of perk utilization and spending patterns during the first half of the year. Compt's extensive database allows for a robust analysis of perk categories, vendor utilization, and emerging trends.

To ensure a representative sample, data was collected across various industry types and company sizes. This study aims to provide insights applicable to a wide range of organizations, considering the diverse needs and preferences of employees.

Comparison of 2023 Data with 2022 Findings to Identify Emerging Trends

This benchmarking study leverages data obtained from Compt, a leading provider of employee perk stipend programs. The data analyzed covers the period from January 1 to July 1, 2023, providing a comprehensive snapshot of perk utilization and spending patterns during the first half of the year. Compt's extensive database allows for a robust analysis of perk categories, vendor utilization, and emerging trends.

By examining the utilization of these lifestyle benefits and stipends, including the average amounts companies give employees and the average number of vendors utilized, insights are revealed into employee preferences that further demonstrate the importance of personalization and movement away from low-utilization programs like card-based models and vendor marketplaces.

Figure 1 | Comparison of Claims Submitted

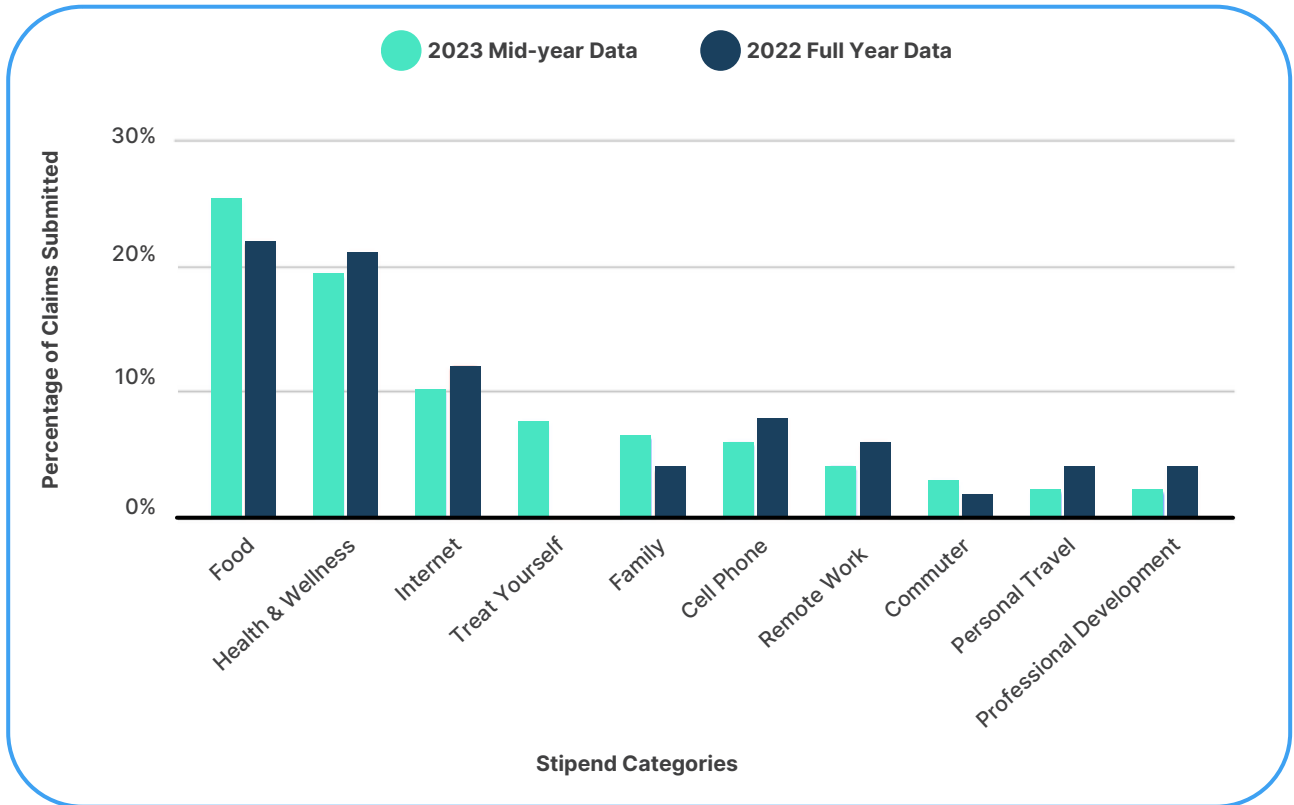
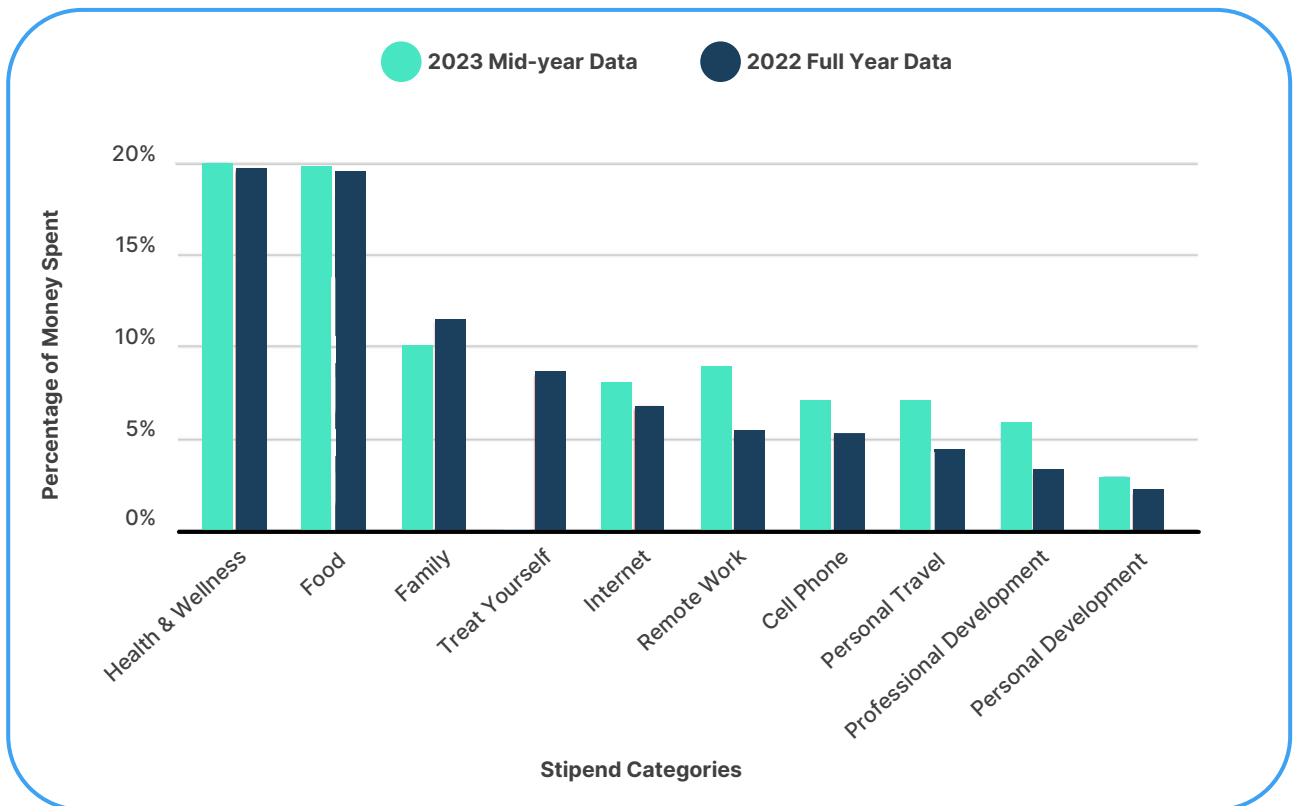


Figure 2 | Comparison of Money Spent



2023 versus 2022 Data Results

- More claims were submitted for the “Food” category in 2023, although spending in this category has decreased since 2022.
- “Health & Wellness” claim submission and spending remain highest across all categories, although the number of claims has very slightly decreased for the first half of 2023.
- Of note, “Productivity” made the list in 2022 as #10 in “Total Claims Submitted” and #9 in “By Money Spent.” It has yet to rank in the top 10 for 2023, suggesting employees are shifting away from spending stipends on productivity software, likely due to a push to return to the office.

Review of Key Findings from 2022

Trending: More Spending in Taxable Categories like Food and Health & Wellness

Most notable data points from the 2022 Employee Lifestyle Benefits Benchmarking Study:

40,000+

Employees purchased from over 40,000 unique vendors in 2022

~65%

of all claims submitted were in taxable categories (~35% were in nontaxable categories)

~1%

Only ~1% of claims are grossed up by employers (employers cover taxes)

18%

of claims submitted were subsidized (employees received partial reimbursement for a larger purchase)*

This is only possible with a reimbursement model and is **not supported by cards and vendor marketplaces.*

Top 10 Perk Categories | January 1 - December 31, 2022

Analyzing the top 10 perk categories based on both total claims submitted and money spent provided a comprehensive understanding of the most popular and impactful lifestyle benefits among employees. This analysis helped companies identify the categories that have the highest utilization and budget allocation, allowing them to optimize their perk offerings to meet employee expectations.

In this data set, it is important to note there exists variation in category rank when compared to dollars spent and reimbursed but the top two categories remain consistent. By comparing the ranks of perk categories based on total claims submitted and money spent, this analysis sheds light on the variations between perceived popularity and actual spending. Companies can gain insights into the categories that employees value the most and align their lifestyle benefit offerings accordingly.

By Total Claims Submitted:

1. Food	22%
2. Health & Wellness	21%
3. Internet	12%
4. Cell Phone	8%
5. Remote Work Office Equipment	6%
6. Professional Development	4%
7. Family	4%
8. Personal Travel	4%
9. Personal Development	3%
10. Productivity	3%

By Money Spent:

1. Health & Wellness	20%
2. Food	12%
3. Family	10%
4. Remote Work Office Equipment	9%
5. Internet	8%
6. Cell Phone	7%
7. Personal Travel	7%
8. Professional Development	6%
9. Productivity	4%
10. Personal Development	3%

This list includes only 10 of the 25 spending categories Compt offers. Of note, commuter (transit) was an emerging category, becoming statistically significant by the number of claims submitted and dollars spent in the latter half of 2022. This was an early indication of the push to return to the office.

Introducing: Key Findings from 2023

Trending: Lifestyle Spending Accounts

Overall, the majority of claims - regardless of the amount submitted and dollars spent - reveal employees prefer to use their perks to support lifestyle purchases. Lifestyle Spending Accounts (LSAs) are an ideal solution for a unique employee population because they offer flexibility and personalization.

Top 10 Perk Categories | January 1 - July 1, 2023

Analyzing the top 10 perk categories based on both total claims submitted and money spent provides a comprehensive understanding of the most popular and impactful lifestyle benefits among employees.

This analysis will help companies identify the categories that have the highest utilization and budget allocation, allowing them to optimize their perk offerings to meet employee expectations.

By Total Claims Submitted:

1. Food	25%
2. Health & Wellness	19%
3. Internet	10%
4. Treat Yourself	7%
5. Family	6%
6. Cell Phone	6%
7. Remote Work Office Equipment	4%
8. Commuter (Transit)	2%
9. Personal Travel	2%
10. Professional Development	2%

By Money Spent:

1. Health & Wellness	19%
2. Food	18%
3. Family	11%
4. Treat Yourself	8%
5. Internet	6%
6. Remote Work Office Equipment	5%
7. Cell Phone	5%
8. Personal Travel	4%
9. Professional Development	3%
10. Personal Development	2%

Examination of Utilization

When we examine the data across all industries, we see a consistent pattern in stipend category popularity. Most companies choose to offer employees health and wellness stipends followed by food and family. The popularity of these categories further reinforces the ongoing narrative that employees want their employers to support their whole selves and offer meaningful benefits that reach beyond the worker and to their home life and/or families.

When we look at stipend category popularity by company size, we see the following:

	Stipend Category
1-250 Employees	Health & Wellness
251-500 Employees	Health & Wellness, Remote Work
501-1k Employees	Health & Wellness
1k-5k Employees	Treat Yourself, Experiences
5k-25k Employees	Health & Wellness, Family, Food, Financial Wellness, Treat Yourself

In the following sections, we dissect the average claim amounts submitted per category to uncover how much people spend per stipend, how often these stipends are offered (monthly, quarterly, annually, or one-time), and how many vendors it would take to satisfy employee needs.

Mid-2023 Average Claim Amounts Per Category

By analyzing the average amounts claimed, we can see which categories generate the most spending. Understanding preferred spending can help companies tailor their perk programs to align with employee expectations and maximize utilization. In all, the average reimbursed total for the first half of 2023 per employee is \$546.34.

Stipend Category	Average Amount Claimed
Personal Travel	\$201
Family	\$184
Student Loan Repayment	\$168
Tech	\$165
Productivity	\$162
Coworking	\$158
Professional Development	\$153
Experiences	\$151
Financial Wellness	\$147
Remote Work Office Equipment	\$141
Anniversary Bonus	\$137
Personal Development	\$129
Home	\$121
Treat Yourself	\$120
Charitable Giving	\$114
Health & Wellness	\$107
Pets	\$106
Entertainment	\$106
Cell Phone	\$94
Food	\$77
Internet	\$70
Team Events	\$66
Business Travel	\$63
Commuter (Parking)	\$42
Commuter (Transit)	\$33

Mid-2023 Average Stipend Intervals by Industry

Monthly Stipends

Of the data collected and examined, we discovered the following industries are more likely to offer monthly stipends:

- Software & Internet
- Travel & Leisure
- Management Consulting
- Food & Beverage / Hospitality
- Mining
- Banking & Investments

Takeaway

In summary, these industries are more likely to offer monthly stipends due to regular cash flow and pay cycles, employee expenses and budgeting needs, performance-based incentives and targets, seasonal and temporary employment structures, and contractual agreements. Monthly stipends provide employees with consistent income and support their financial well-being throughout the year. These industries may also be inclined to offer smaller amounts more frequently as a means of regularly engaging dispersed employees and reinforcing company culture or core values.

Quarterly Stipends

Of the data collected and examined, we discovered the following industries are more likely to offer quarterly stipends:

- Medicine
- Real Estate
- Accounting
- Management Consulting
- Higher Education
- Staffing & Recruiting
- Food & Beverage / Hospitality
- Biotech & Pharmaceutical
- Property Management
- Marketing & Advertising

Takeaway

The above industries often offer quarterly stipends due to their performance-driven nature, revenue cycles, seasonal patterns, research and development cycles, academic calendar alignment, and the need for frequent recognition and incentives tied to business cycles. Quarterly stipends provide a regular cadence of rewards and motivate employees to achieve their goals, contributing to overall performance and success within these industries.

Annual Stipends

Of the data collected and examined, we discovered the following industries are more likely to offer annual stipends:

● Travel & Leisure

● Manufacturing

Takeaway

While, at first glance, these industries may seem very different, they do share a number of similarities in the ways in which they do business and hire/onboard employees. Consider the following – seasonal nature of work, budgeting and resource allocation, longevity and tenure recognition, workforce stability and retention, and traditionally limited employee benefits. Both the Travel & Leisure and Manufacturing industries often have seasonal fluctuations in demand and production levels. Offering annual stipends allows these industries to provide additional financial support to employees during periods of lower activity or when seasonal work is not available. They also often have employees who have been with the company for extended periods. Annual stipends can be used as a way to recognize and reward employee loyalty, longevity, and tenure. This is especially important as stability and retention of skilled labor is difficult but crucial for maintaining operational efficiency. Offering annual stipends can contribute to employee satisfaction, loyalty, and reduced turnover rates through a lens of compensation supplement or part of the overall employee benefits package in these industries.

Semi-annual Stipends

Of the data collected and examined, we discovered the following industries are more likely to offer semi-annual stipends:

● Higher Education

Takeaway

The higher education industry often offers semi-annual stipends due to the alignment with the academic calendar structure, contractual arrangements, funding cycles, research and professional development opportunities, retention and recruitment efforts, and efficient budget and financial planning. These stipends serve as a way to support and incentivize faculty and staff members, fostering a productive and engaged workforce within higher education institutions.

Spot Bonuses

Of the data collected and examined, we discovered the following industries are more likely to offer spot bonuses:

- Retail
- Staffing & Recruiting
- Food & Beverage / Hospitality

Takeaway

Retail and hospitality industries are often more likely to offer spot bonus stipends to employees due to several factors, including a performance-based culture, seasonal/peak periods, employee motivation, and retention, a competitive talent market, and cost-effective recognition. These sectors typically operate in fast-paced environments where customer satisfaction and service excellence are critical. Oftentimes, a strong performance-based culture is established to drive exceptional customer experiences and business outcomes. Spot bonus stipends serve as immediate rewards for exceptional performance, encouraging employees to go above and beyond their regular duties. As it relates to peak periods, such as holiday seasons, weekends, or special events where customer demand surges – during these busy periods, employees are required to work longer hours, handle increased workloads, and maintain service quality. Offering spot bonus stipends during these peak periods recognizes the extra effort and dedication required to meet customer demands and incentivizes employees to maintain their performance during challenging times. Additionally, these industries face high employee turnover rates. Spot bonuses have proven effective in motivating employees, boosting morale, and enhancing retention. Immediate recognition and financial rewards for outstanding performance helps create a sense of appreciation and job satisfaction, increasing the likelihood of employees staying with the company. It also helps attract new talent, especially for customer-facing roles that directly impact the customer experience.

Regardless of company size, whether fewer than 100 employees or more than 10,000 – employers were all likely, on average, to offer quarterly stipends more than any other type. Additionally, quarterly stipends see the highest utilization, often 20% more than monthly stipends. It is important to note, however, there are many monthly stipends that see varying utilization due to the nature of the employee's needs (co-working, commuting, cell phone and internet, etc.).

20% more
utilization with quarterly
stipends compared to
monthly stipends

Average Number of Vendors Utilized

In reviewing the spending habits of the Compt user base and aggregating hundreds of thousands of claims, it was revealed that every employee spends their stipends at an average of 3 vendors. It is important to note that these 3 vendors are everchanging, meaning employee shopping preferences are constantly changing. To meet these needs through a marketplace would be impossible to maintain and require time that human resources administrators simply do not have.

In the entirety of 2022, Compt users submitted claims to over 40,000 unique vendors. This number was already exceeded as of July 1, 2023.

At the company level, the number of vendors submitted through the Compt platform total over 40,000 for the first half of 2023, with some companies' employees accessing **over 9,500 vendors** while others spend stipends at only a few employer-approved vendors in more limited stipend programs.

Examining the average number of vendors per company provides insights into vendor utilization patterns, thus helping companies gauge the variety and diversity of perk offerings within their organizations, allowing them to optimize their vendor partnerships and enhance the range of lifestyle benefits available to employees.

9,500+

different vendors accessed by employees at some companies



Summary of Insights from New 2023 Data

“Health & Wellness” and “Food” still lead and heavily influence overall program utilization

The study reveals that health and wellness stipends continue to be the most popular category, significantly impacting overall program utilization. Employees prioritize their physical and mental well-being, and companies should consider enhancing their health and wellness offerings to meet employee expectations.

New category, “Treat Yourself,” launches and immediately ranks in the top 10

We saw the emergence of the "Treat Yourself" category making the Top 10 list and ranking fairly high in 2023. This suggests a shift towards employee-centric benefit programs that prioritize self-care, personalization, and happiness. Organizations are recognizing the importance of catering to employees' desires for indulgence and relaxation, which can contribute to higher job satisfaction and overall well-being.

Offering more than 1 category has a significant impact

Companies that offer more than one stipend category observe higher program utilization and employee satisfaction. Whether offering multiple stipends or one “All Inclusive” program, these results highlight the importance of diversifying perk options to cater to various employee interests and preferences.

Increasing percentage of subsidized claims

In 2022, 18% of all claims submitted were subsidized, meaning the employees were reimbursed partially for a larger purchase. This percentage has increased in 2023 to 24%.

Of these claims submitted, 29% were nontaxable and 71% were taxable, as predetermined by the IRS. In comparison, in all of 2022, approximately 35% of all claims submitted were in nontaxable categories and 65% in taxable categories.

This is something that is only possible with a reimbursement model and is not supported by cards and vendor marketplaces.

The power of personalization remains strong

The analysis of perk categories and vendors emphasizes employees' inclination towards lifestyle purchases and the desire for personalized benefits. Companies should prioritize providing benefits that enable employees to make choices aligned with their lifestyles and personal preferences, thereby fostering a sense of appreciation and engagement.

2023 End-of-Year Predictions

Drawing upon the data and market changes, this report presents three emerging trends for the remainder of 2023. These predictions will help organizations proactively adapt their employee perk programs to align with evolving employee expectations and market dynamics.

Trends

Software Consolidation Continues

With tighter budgets, companies continue to cut extraneous spending, going beyond reducing headcount and reevaluating all overhead costs. This trend has remained strong throughout the first half of 2023 and is expected to continue as summer ends, open enrollment season begins, and the holidays fast approach. The need to balance maintaining inclusive benefits with a smaller budget (like through a singular stipend but offering more flexible categories) continues to be a popular strategy.

Finance Becomes More Involved in Benefits Program Decisions

We predicted at the end of 2022 that a broader trend of finance and HR working in lockstep to both remain tax compliant and satisfy employee needs for more comprehensive and flexible benefits would continue. As we work with more customers, we see finance leaders joining conversations much earlier than ever before; they are now more involved in researching affordable benefits solutions and attending first product demos.

More Lifestyle Benefits in Industries with Hourly and Frontline Workers

Industries that once offered only essential benefits like healthcare and retirement (healthcare, retail, hospitality, manufacturing) now recognize the need to address employees' unique wants and needs. As a result, more are offering lifestyle benefits like flexible work schedules, ample paid time off, childcare help or family stipends, and educational opportunities. This trend reflects a shift in the way frontline workers are valued and supported, with a newfound emphasis on holistic wellbeing and personal growth.

Conclusion

It is crucial to recognize that approximately half of your employees are open to new opportunities. According to the University of Phoenix's 2023 Career Optimism Index, 53% of Americans either plan to look for a new job or are actively seeking one in the next six months. While 4 out of 5 employees express optimism about their careers, their loyalty lies within their personal ambition rather than with their current employer.

To attract and retain exceptional talent, companies must invest in fringe benefits that enable employees to thrive both professionally and personally. Instead of solely offering transactional perks that merely check the boxes, consider incorporating the employee benefits proven to garner success (employee engagement and satisfaction) as detailed in this report.

Personalized lifestyle benefits, like LSAs, play a crucial role in enhancing employee satisfaction and engagement. With Compt's user-friendly platform, companies can seamlessly implement customized perk programs tailored to individual employee preferences and needs.

This report encourages companies to embrace customization and flexibility when designing employee perk programs. By understanding the diverse needs and preferences of employees, organizations can create a work environment that fosters employee well-being and loyalty.

For additional information, inquiries, or demonstrations on the study data, perk stipend programs, and the Compt platform, companies are invited to reach out. Compt's team is dedicated to helping organizations optimize their perk offerings and improve employee satisfaction and retention rates.

