2026 Employee Benefits **Market Outlook**

Provided by McInnes Group, Inc.

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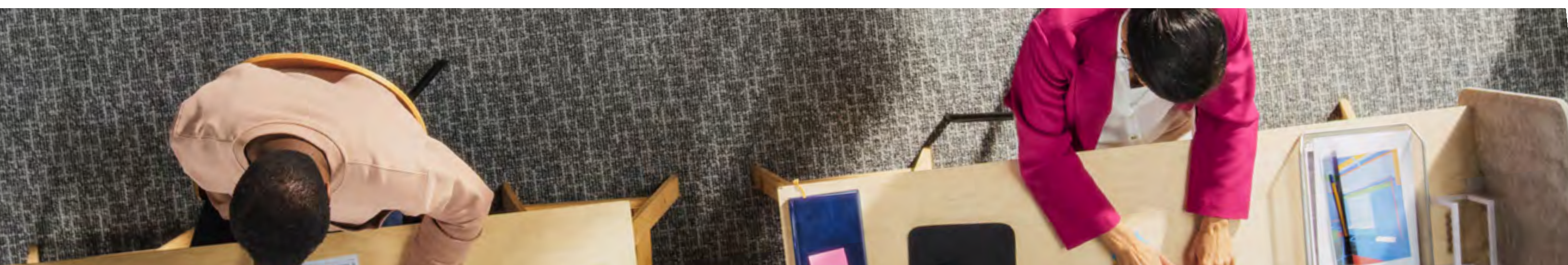

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Executive Summary

In 2026, the employee benefits market is being shaped by a variety of trends, including regulatory volatility, shifting compliance priorities, accelerated cost pressures and ever-evolving workplace demands.

Employers should brace for a compliance environment defined by change and uncertainty. Streamlined Affordable Care Act (ACA) reporting requirements should help reduce administrative strain, while potential updates to federal mental health parity regulations remain critical to monitor. The sweeping One Big Beautiful Bill Act (OBBBA) introduced extensive changes to employee benefit plans, most of which take effect in 2026. Added to this are shifting regulatory priorities under the Trump administration, ongoing benefits-related litigation, and changes to federal budgets and staffing. To navigate these challenges successfully, employers should prioritize proactive planning and flexibility.

As it relates to health care costs, affordability is a common talking point. Notably, health care costs are projected to increase 6.5%-10% in 2026, which will make it more difficult for employers to offer competitive health benefits. This marked increase is driven by a combination of factors, including, but not limited to, the continued adoption of glucagon-like peptide-1 (GLP-1) drugs, a heightened interest in specialty medications, sustained pressures affecting the health care labor market and an increased prevalence of chronic health conditions.

Fertility benefits could see significant expansion in 2026, driven by a combination of employee demand, key regulatory guidance from the federal government and expanding state mandates. A 2025 report revealed that two-thirds of employers intend to invest in family health benefits over the next three years, representing a 44% increase compared to 2024. Additionally, women's health support is seeing more emphasis, with workers demanding benefits for fertility, menopause care and maternal health resources.

In terms of employee wellness, organizations are adjusting their strategies to address the physical, emotional, social and professional needs of their employees. This is driven largely by Generation Z (Gen Z) and millennial employees who are more likely to prioritize wellness compared to older generations. One key wellness trend to monitor is the shift toward mental fitness, which emphasizes building resilience and emotional strength through tools like mental health coaching and dedicated mental fitness days. Employer-provided student loan assistance is also becoming an important component of employee benefits, largely due to recent legislative changes and the ongoing desire of employees for financial support.

Shifting to employee leave, more states are enacting new paid sick leave (PSL) and paid family and medical leave (PFML) programs, as well as amending existing laws. This expansion includes broadening the reasons for leave (i.e., bereavement, miscarriage, prenatal care and public health emergencies) and adjusting the definition of "family member" to include relatives like siblings or even a designated person like a friend or neighbor. While employee leave activity is quieter on the federal level, courts are increasingly ruling that the Uniformed Services Employment and Reemployment Rights Act (USERRA) requires employers to provide paid leave for military service if they compensate employees for comparable types of leave.

Furthermore, artificial intelligence (AI) is rapidly transforming the workplace, fundamentally altering job roles and employee benefits administration. With reports showing that employers are set to replace some roles with AI, workers are increasingly concerned about layoffs and how technology could displace or change their roles. AI enables organizations to analyze employee data and create personalized benefits programs, which can lead to higher overall utilization rates. Similarly, AI is being used in wellness programs to give people more personalized support. These tools tailor recommendations to each person and can even spot early signs of burnout or disengagement before they become bigger problems.

The trends shaping the employee benefits market signal a period of significant transformation. Legislative and regulatory developments, rising health care costs, evolving employee expectations and rapid technological advancements will require employers to be agile and proactive. By leveraging this Market Outlook as a strategic guide, organizations can anticipate challenges, identify opportunities, and position their benefits programs to remain compliant and competitive in an increasingly challenging environment.

Top Health Plan Compliance Issues for 2026

Employers should pay close attention to the key compliance issues that could affect how health plans are designed and administered in 2026. For example, beginning in 2026, many employers subject to reporting under the ACA will first take advantage of the simplified method for providing individual statements. Beyond that, several expected developments deserve monitoring, including possible updates to federal mental health parity rules and related enforcement measures. Overall, the compliance landscape is marked by uncertainty, due to new regulatory priorities under the Trump administration, ongoing benefits-related litigation, and changes in federal staffing. This year, federal agencies are balancing the rollout of the OBBBA with President Donald Trump's broader directives, including efforts to increase health care transparency. However, the pace and scope of regulatory activity may be constrained by federal budgetary limitations and staffing challenges.

As employers consider the following key health plan compliance issues for 2026, they should evaluate how these developments could influence the structure and management of their health benefits going forward.

Simplified ACA Reporting

At the end of 2024, Congress passed legislation that eased ACA reporting requirements for employers. The ACA requires applicable large employers (ALEs) and non-ALEs with self-insured health plans to provide information to the IRS about the health plan coverage they offer (or do not offer) to their employees while providing related statements to individuals. Yet, with the new legislation, employers that take certain steps no longer need to automatically distribute these individual statements, unless an individual specifically requests one. In late February 2025, the IRS released guidance on this relief, leaving employers only a brief period to apply the change for statements due in March 2025. Because of the limited time frame, many employers are expected to begin using this relief starting in 2026.

For this relief to apply in 2026, an employer must post a clear and conspicuous notice on its website by March 2, 2026, stating that employees may receive a copy of their statement upon request. The notice must include an email address, a physical address to which a request may be sent and a telephone number to contact the employer. This website notice must remain posted through Oct. 15, 2026. In general, employers must fulfill requests within 30 days of receiving them.

Crossroads for Mental Health Parity Rules

In May 2025, federal agencies announced they would not enforce a 2024 final rule that expanded parity requirements for mental health and substance use disorder (MH/SUD) benefits. This decision stems from a lawsuit filed by an employer trade group challenging the rule's validity. The case has been put on hold while the Trump administration reviews the rule and considers whether to revise or repeal it. Many of the final rule's provisions were originally set to take effect in 2026. At the same time, the Trump administration is taking a broader look at its overall approach to enforcing mental health parity.

The Mental Health Parity and Addiction Equity Act (MHPAEA) requires parity between a group health plan's medical/surgical (M/S) benefits and MH/SUD benefits. Notably, MHPAEA requires health plans and health insurance issuers to conduct comparative

analyses of nonquantitative treatment limitations (NQTLs), which include a variety of strategies that generally limit the scope or duration of benefits, such as prior authorization requirements. The 2024 final rule primarily focused on stricter parity requirements for NQTLs. Under the final rule, health plans and issuers would be required to collect and review outcomes data and take reasonable steps to fix any significant differences in access between MH/SUD and M/S benefits. They would also need to make sure their comparative analyses of NQTLs include specific, detailed elements to show compliance.

Due to the nonenforcement policy, employer-sponsored health plans are not required to comply with the 2024 final rule. However, employers should make sure their health plans continue to comply with MHPAEA's statutory requirements, including the comparative analysis requirement for NQTLs. Employers should reach out to the health plan's issuer or third-party administrator (TPA) to confirm that comparative analyses of NQTLs will be updated, if necessary, for the plan year beginning in 2026. Employers should also stay alert for any changes to the 2024 final rule. While the U.S. Department of Labor has made MHPAEA compliance a top enforcement priority in recent years, shifting priorities and limited resources could change that focus going forward.

Ongoing Health Plan Litigation

Alongside monitoring legislative and regulatory developments in 2026, employers should also keep an eye on litigation involving several important health plan compliance issues. While a recent U.S. Supreme Court ruling limited the ability of federal courts to issue nationwide injunctions of government policies, federal courts still have the authority to block regulatory actions that are unlawful, arbitrary or beyond an agency's authority. In addition, a Supreme Court ruling from 2023 ended the long-standing deference given to federal agencies' interpretations of the law, making it more likely that federal rulemaking will be successfully challenged in the courts.

In 2026, ALEs should keep an eye on a case now before the U.S. Court of Appeals for the 5th Circuit that could affect how "pay-or-play" penalties under the ACA are assessed. In April 2025, a federal district court in Texas ruled that the IRS cannot assess these penalties unless the U.S. Department of Health and Human Services (HHS) first issues a certification to the employer. Currently, the IRS relies on Letter 226-J to notify employers of potential liability without any prior certification from HHS. The 5th Circuit's upcoming decision may impact how pay-or-play penalties are enforced going forward.

Employers should also be aware of the growing number of fiduciary lawsuits tied to health plans. Most private-sector employers must follow the fiduciary duty standards set by the Employee Retirement Income Security Act (ERISA) when managing their employee benefit plans. These standards require fiduciaries to prudently select and monitor plan service providers. Recent litigation has underscored how important it is for employers to meet these obligations when managing group health plans. Although many of these cases are focused on prescription drug benefits and the selection of pharmacy benefit managers (PBMs), the same fiduciary responsibilities apply to all plan service providers. As 2026 approaches, employers should review their fiduciary compliance to limit potential liability, including documenting the process for selecting and monitoring health plan service providers.

In addition, employers should be aware of a recent surge of class-action lawsuits involving health plan premium surcharges related to tobacco use. When a health plan imposes a surcharge (or provides a reward) based on a health-related standard (such as not using tobacco or meeting an exercise goal), it must comply with HIPAA's nondiscrimination requirements. These lawsuits generally allege that health plans failed to meet these requirements by not offering a reasonable alternative standard to avoid the surcharge, by only applying the premium reduction on a prospective basis after completing the alternative standard, and by not describing the availability of the alternative

standard in all plan materials. With this heightened scrutiny, employers preparing for the 2026 plan year should make sure any surcharge or reward tied to a health-related standard is offered through a wellness program that fully meets HIPAA's nondiscrimination requirements, including clear communication to participants about the availability of a reasonable alternative standard.

Health Care Transparency

The Trump administration is expected to continue focusing on health care transparency in 2026. Early into his second term, President Trump released an executive order highlighting transparency as a key part of efforts to improve Americans' health and provide consumers with more meaningful price information. The order directed federal agencies to take specific steps to advance transparency, such as making price information more easily comparable and strengthening enforcement policies.

For 2026, employers should review their compliance with applicable health plan transparency requirements. Most employers depend on their issuers, TPAs or other service providers to handle these obligations because they do not have the information needed for transparency disclosures. To stay compliant, employers should confirm that written agreements with issuers, TPAs or other service providers clearly spell out responsibility for compliance. They should also monitor those service providers to confirm their plans' compliance with applicable legal requirements. For added protection, cautious employers may want to request regular reporting from service providers to verify transparency compliance.

Employers should also stay alert to regulatory and legislative developments that could impact health plan transparency. Federal agencies may, for instance, release guidance on machine-readable files for covered prescription drugs and set a deadline for making those files publicly accessible. It is also possible that federal lawmakers will advance proposals that include PBM reforms. For years, PBMs have faced criticism for limited transparency, yet they remain subject to minimal federal oversight. Lawmakers from both parties have expressed support for PBM reforms, including requiring PBMs to share details on compensation, drug spending and rebate practices with plan fiduciaries. In the absence of strong federal oversight, states have passed their own laws to regulate PBMs and increase transparency, though ongoing litigation has created some uncertainty regarding the enforceability of these state laws.

HIPAA Privacy and Cybersecurity

Employers with self-insured health plans, as well as those with fully insured health plans that have access to protected health information (PHI), may need to update their administrative policies and privacy notices in light of recent HIPAA developments. In June 2025, a federal district court in Texas invalidated a final rule that had expanded HIPAA's privacy protections for reproductive health care. That rule barred health plans and other regulated entities from using or disclosing PHI related to lawful reproductive health care in certain situations. The court's decision eliminated these protections nationwide, and the Trump administration chose not to appeal, effectively ending HIPAA's special privacy safeguards for reproductive health care for now. While HIPAA's general privacy protections remain in place, employers should review their HIPAA policies and privacy notices and remove any provisions tied to reproductive health care protections.

In addition, employers that maintain HIPAA privacy notices for their health plans should update them for special privacy protections for patient records regarding substance use disorder treatment provided by a federally assisted treatment program (that is, a "Part 2 program"). The deadline for updating privacy notices for the additional privacy protections for Part 2 program records is Feb. 16, 2026. Employers with self-insured health plans should also distribute their updated privacy notices by this deadline. Note that while self-insured health plans must maintain and provide their own privacy notices, fully insured health plans are not required to maintain or provide privacy notices unless the plan sponsor has access to PHI. In that case, fully insured health plans that have access to PHI must maintain a privacy notice and provide it upon request. It is unclear if HHS will update its model notices to incorporate the new requirements before the compliance deadline.

Employers that handle PHI should also monitor developments related to HIPAA cybersecurity. In early 2025, at the end of the Biden administration, HHS proposed significant updates to the HIPAA Security Rule to strengthen cybersecurity protections for electronic PHI (ePHI). According to HHS, the proposed rule would modernize existing standards to better respond to the growing cybersecurity threats facing the health care industry. It remains uncertain whether the Trump administration will finalize these changes in 2026, although cybersecurity generally has bipartisan support. Employers with self-insured health plans and those with fully insured health plans that have access to ePHI should monitor developments and be prepared to improve safeguards for ePHI if the changes are finalized.

In 2026, employers face a compliance landscape marked by both change and uncertainty. Simplified ACA reporting requirements will ease some administrative burdens, yet potential revisions to federal mental health parity rules and enforcement remain important to watch. Shifts in regulatory priorities under the Trump administration, ongoing benefits related litigation, and federal budget and staffing changes add further unpredictability. For employers, staying informed and adaptable will be essential to navigating health plan compliance in the year ahead.

The Rising Costs of Health Care: Strategic Insights for 2026

Health care costs have surged in recent years, and this trend shows no signs of slowing. As costs climb, offering competitive health benefits has become a major challenge for employers. In fact, Zywave's 2025 Broker Services Survey found that balancing attractive benefits with rising health care costs is the top HR and employee benefits concern amongst employers.

> Industry sources project that health care costs are likely to increase by **6.5% in 2026**, with some estimates **exceeding 10%**.

With costs compounding year after year, understanding the factors behind these increases is essential. This section examines the key drivers shaping the rising costs of health care in 2026, and offers key insights for employers.

GLP-1s

Growing demand for GLP-1 drugs continues to be a top factor in rising health care costs. Surveys find that more employers are covering GLP-1s for weight loss, causing a significant impact on employer-sponsored health care spending. These drugs have gained rapid popularity from plan participants eager to lose weight and improve their overall health. Mounjaro, Ozempic and Rybelsus are approved for treating diabetes but are commonly prescribed off-label for weight loss. Zepbound and Wegovy are drugs that use the same active ingredients but are approved to treat obesity for qualifying patients.

GLP-1 medications typically cost around $1,000 per month without insurance and are intended to be taken long-term to achieve their benefits fully. This means that GLP-1 users may experience health benefits but will be required to use these high-cost treatments on an ongoing basis.

These costly medications have exploded in popularity. A recent RAND report revealed that 12% of Americans have used GLP-1 medications for weight loss, and 14% are interested in using the drugs. Moreover, the number of prescriptions for these drugs has more than tripled since 2020.

> KFF's 2025 Employer Health Benefits Survey revealed that **1 in 5 (19%) firms** with 200 or more workers and **43% of firms** with 5,000 or more workers covered GLP-1 drugs for weight loss in 2025.

With demand at an all-time high, employers will have to make difficult decisions about coverage and cost containment in the coming year.

Specialty Medications

The specialty drug market continues to expand rapidly, driven by a surge in approvals by the U.S. Food and Drug Administration (FDA) and a robust pipeline of innovative therapies. These high-cost, high-impact treatments are reshaping the pharmaceutical industry, with specialty drugs now accounting for the majority of new drug approvals. Around 80% of all FDA approvals in 2025 fell into the specialty category, reflecting a shift toward more targeted, complex therapies for chronic and rare conditions.

This rapid growth is fueled in part by plan participants using the following:

- **Biologics and biosimilars**—Biologics are medications that come from living organisms, such as sugars, proteins and DNA. Biologics treat a range of conditions, including cancer, psoriasis, rheumatoid arthritis, and inflammatory bowel diseases.

  Biologics dominate the specialty market, offering targeted treatment for autoimmune diseases, cancers and more. Biosimilars are similar to a reference drug, which is an existing biologic that the FDA previously approved. For a biosimilar to be approved, there must be no meaningful differences in safety and effectiveness from the original biologic. Compared to original biologics, biosimilars are lower-cost drugs that allow for greater access to more patients. Biosimilars are gaining traction as the FDA approves more of these cost-effective alternatives, especially as major biologics lose exclusivity. This trend is expected to continue, with predictions indicating that at least 10 new biosimilars will be approved annually over the next five years.

- **Cell and gene therapies**—These cutting-edge treatments are seeing a record number of approvals in 2025, with several first-in-class therapies entering the market. Whether it's cell therapies for blood cancers or gene editing for rare genetic disorders, these innovations promise transformative outcomes but also come with significant cost and logistical challenges.

The complexity of these therapies and their unique payment structures add to the challenge. Still, the momentum behind specialty drug innovation shows no signs of slowing, signaling a continued evolution in how health care is delivered in the years ahead. Although specialty medications make up only a small percentage of prescriptions, they comprise a significant amount of total drug spending. A report from the HHS found that around half of drug spending falls under the specialty category, with this number expected to continue to climb. Employers should continue to monitor how specialty drugs will impact their health care spending.

Cancer Care

Cancer care remains one of the most significant cost drivers for employers due to the growing prevalence of diagnoses and the escalating cost of treatment. Cancer diagnoses are increasing, not just among older adults but also among younger working-age individuals. This means more employees and dependents are entering treatment, often requiring long-term care. New and innovative therapies, including chimeric antigen receptor T-cell therapy, immunotherapies, targeted drugs and personalized medicine, may offer better outcomes but come with high price tags. These treatments can often cost hundreds of thousands of dollars per patient.

For smaller employers, plan participants receiving high-cost cancer treatments remain low. However, even a single claim of high-cost treatments can significantly impact the overall spending of group health insurance and disrupt annual health budgets. With more treatments entering the workforce and more diagnoses occurring, cancer care will disrupt health care spending in 2026 and beyond.

Health Care Labor Costs

Labor costs remain the single largest expense in health care, accounting for 56% of hospital expenses, according to the American Hospital Association. Yet the supply of health care workers continues to lag behind growing demand, driven by an aging population, rising utilization, retirements and insufficient new talent entering the field.

This workforce shortage is fueling wage inflation and increasing provider costs. When hospitals and health systems spend more on labor, those costs are often passed on through higher reimbursement rates, ultimately impacting employer-sponsored health plans and the individuals who rely on them. As labor shortages are projected to persist through 2026, employers should anticipate continued upward pressure on health care costs.

Chronic Health Conditions

Chronic conditions remain the dominant driver of U.S. health care spending, accounting for 90% of the nation's $4.9 trillion annual health care costs. These chronic conditions include heart disease, stroke, cancer, diabetes, arthritis and obesity. Today, 6 in 10 adults have at least one chronic condition, and more than half of U.S. adults report multiple chronic conditions.

Cardiovascular disease alone illustrates the scale of the challenge.

> The American Heart Association estimates that heart disease and stroke could affect over **60% of older adults** in the United States by 2050 and reach $1.8 trillion in related expenses.

This estimate suggests that inflation-adjusted costs related to cardiovascular diseases would triple over the coming decades.

Employers are feeling the impact. According to KFF, 75% of large employers said that chronic diseases contributed to higher premiums. With the rising rates of obesity and diabetes, chronic disease prevalence will likely continue to climb in 2026 and beyond, making cost management and impactful preventive strategies critical for employers.

Aging Populations

While life expectancy in the United States has increased significantly over the past 50 years, birth rates have trended down.

> According to Congressional Budget Office projections, life expectancy at birth is expected to increase **from 78.9 years to 82.3 years** from 2025 to 2055, and life expectancy at age 65 is projected to increase **from 19.7 years to 21.8 years.**

On the other hand, data published in 2025 from the Centers for Disease Control and Prevention revealed that birth rates continue to decrease, with 2024 showing lower birth rates than 2023. These factors contribute to a U.S. population with an average age that is slowly rising.

In general, health care costs increase as people age. The Centers for Medicare and Medicaid Services reported that per-person personal health care spending for the 65-and-older population is around five times higher than spending per child and almost 2.5 times the spending per working-age person. Despite making up a smaller percentage of the population, this category accounts for a sizable proportion of health care spending, largely driven by their likelihood of having chronic conditions. With more Americans entering retirement age, the impact of an aging population is likely to continue increasing overall health care spending.

Employer Takeaway

Health care costs will continue to rise in 2026 and beyond, driven by factors including specialty drugs, GLP-1 medications, cancer care, chronic conditions, an aging population and labor shortages. While most employers can't expect to fully offset projected increases, they can prepare by focusing on three priorities:

- **Targeted cost mitigation**—Employers can explore programs that address high-cost areas, such as specialty pharmacy management, chronic disease prevention and site-of-care optimization.
- **Employee communication and engagement**—Transparent communication about benefit changes and available resources will be critical to maintaining trust and supporting informed health care decisions.
- **Cost-sharing strategies**—Adjustments to plan design, including higher deductibles, coinsurance and tiered networks, can offset some portion of projected increases.

Rising costs may be unavoidable, but informed employers who anticipate these trends will be better positioned to manage financial impact and maintain competitive benefits in a challenging market.

The One Big Beautiful Bill Act and What It Means for Employers

On July 4, 2025, a sweeping tax and spending bill, commonly referred to as the OBBBA, was signed into law. Although significantly pared down from its original draft version, the OBBBA includes a broad set of changes for employee benefit plans, most of which take effect in 2026.

These changes expand options for existing employee benefit plans and present new benefit-related opportunities for employers to consider for 2026.

Health Savings Accounts (HSAs)

Significantly, the OBBBA expands access to HSAs, tax-advantaged medical savings accounts generally available to individuals who are enrolled in high-deductible health plans (HDHPs) and do not have other health coverage. The OBBBA permanently allows employers with HDHPs to provide benefits for telehealth and other remote care services before plan deductibles have been met without jeopardizing HSA eligibility. A pandemic-related relief measure temporarily allowed HDHPs to waive the deductible for telehealth services without impacting HSA eligibility; however, this bipartisan-supported relief expired at the end of the 2024 plan year. The OBBBA retroactively extends this relief, effective for plan years beginning after Jan. 1, 2025, and makes it permanent.

Employers with HDHPs should review their health plan's coverage of telehealth services and assess if changes should be made, considering the OBBBA's permanent extension. Any changes to telehealth coverage should be communicated to plan participants.

Effective Jan. 1, 2026, the OBBBA further expands access to HSAs by allowing individuals with direct primary care (DPC) arrangements to make HSA contributions if their monthly fees are $150 or less ($300 or less for family coverage). These dollar limits will be adjusted for inflation each year. A DPC arrangement is a subscription-based health care delivery model where an individual is charged a fixed periodic fee for access to medical care consisting solely of primary care services. In addition, the OBBBA treats DPC fees as a medical care expense that can be paid for using HSA funds. Given this change, employers with HDHPs may

wish to explore integrating DPC arrangements into their benefits packages and should watch for regulatory guidance on related compliance issues.

Dependent Care Assistance

Effective for 2026, the OBBBA increases the maximum annual limit for dependent care flexible spending accounts (FSAs). Offering a dependent care FSA allows employees to save and pay for eligible dependent care expenses on a tax-free basis. Before 2026, the annual contribution limit for dependent care FSAs was $5,000 for single individuals and married couples filing jointly and $2,500 for married individuals filing separately. This limit, which is not indexed for inflation, has been in place since 1986 (except for a temporary increase during the COVID-19 pandemic). Effective Jan. 1, 2026, the OBBBA increases this limit to $7,500 (or $3,750 for married individuals filing separately).

Employers with dependent care FSAs should work with their advisors to assess how increasing their plan's contribution limit may impact annual nondiscrimination testing results, particularly the 55% average benefits test, which ensures that highly compensated employees (HCEs) do not disproportionately participate in the plan. Note that the OBBBA also enhances the dependent care tax credit, which may further complicate nondiscrimination testing by making it more likely that non-HCEs will claim the tax credit instead of participating in their employer's dependent care FSA. There are steps an employer can take if it is concerned about failing nondiscrimination testing, such as limiting contribution elections for HCEs. Also, employers with dependent care FSAs should review the written plan document to determine if updates are necessary due to the increased limit and communicate the new limit to employees.

Also, the OBBBA encourages employers to provide child care services to their employees by substantially increasing the child care tax credit starting in the 2026 tax year. It raises the maximum annual credit from $150,000 to $500,000 and boosts the percentage of qualifying expenses covered from 25% to 40%. For small businesses, the rate increases to 50%, with an annual cap of $600,000. These thresholds will be adjusted for inflation for future years.

Student Loan Assistance

The OBBBA expands options for employer-sponsored educational assistance programs by permanently extending and expanding student loan assistance. While educational assistance programs have been available for many years to pay expenses such as books, equipment, supplies, fees and tuition, the option to use them to pay for student loans was set to expire on Dec. 31, 2025. The OBBBA permanently extends this student loan payment option. Also, the OBBBA adjusts the tax-free benefit limit ($5,250 per employee per year) for inflation for taxable years beginning after 2026, enhancing this benefit's long-term value.

As employees increasingly look to their employers for student loan assistance, employers that don't have an educational assistance program may want to consider establishing one to take advantage of the OBBBA's student loan provision. By offering student loan support, employers can show employees they are valued and provide them with much-needed financial assistance and support.

Trump Accounts

Beginning in 2026, the OBBBA creates a new type of tax-advantaged account for children under age 18 called "Trump Accounts." These accounts will allow employers to contribute up to $2,500 (adjusted annually for inflation beginning after 2027) on a tax-free basis. Trump Accounts will operate similarly to individual retirement accounts, or IRAs, where earnings grow tax-deferred. In general, annual contributions are limited to $5,000 per child (as adjusted annually for inflation beginning after 2027). Children born between 2025 and 2028 may be eligible to receive a special $1,000 contribution from the federal government. Employer contributions to Trump Accounts will require a written plan document and will be subject to some of the same tax rules that apply to dependent care FSAs, such as annual nondiscrimination testing and employee notifications. The IRS is expected to propose regulations on Trump Accounts in the future, which will likely address implementation details for employer contribution programs.

> Children born between 2025 and 2028 may be eligible to receive a **special $1,000 contribution** from the federal government.

Employers should review their employee benefit offerings in light of the OBBBA's expanded options and new benefit opportunities. Employers should also keep a close eye on regulatory developments as federal agencies release guidance to implement the OBBBA's changes. Finally, communicating with employees about expanded or updated employee benefits is an essential step that can help boost employee satisfaction and improve retention.

Fertility Benefits on the Rise

The market for employer-provided fertility benefits is entering a period of expansion, driven largely by regulatory guidance and strong evidence that these benefits are important for employee attraction and retention. With infertility being recognized as a disease by the World Health Organization and the American Medical Association since 2017 and affecting 1 in 6 people globally, employers are increasingly considering fertility coverage as a critical component of their benefits package.

> According to the Maven Clinic's 2025 State of Women's and Family Health Benefits report, **2 in 3 employers** plan to invest in family health benefits within the next three years, a **44% increase since 2024**.

This surge is largely due to the positive impact family-building benefits can have on employees' mental health, performance and loyalty.

Regulatory developments have also played a key role in driving expansion. Increasing access to and reducing costs for infertility treatment—both for employees currently experiencing infertility and for those seeking coverage for potential future challenges—has been a stated priority of the Trump administration. In February 2025, an executive order directed agencies to develop policy recommendations to expand in vitro fertilization (IVF) access and reduce out-of-pocket and health plan costs for IVF treatment. Following that directive, in October 2025, the White House announced drug pricing reforms for fertility medications through a new government website, TrumpRx.gov (expected to be operational in 2026), and stated that the FDA will prioritize review of lower-cost fertility drugs. The announcement also cited new guidance clarifying how employers can offer stand-alone fertility benefit packages outside of traditional group health plans. Specifically, the U.S. Departments of Labor, HHS, and the Treasury jointly issued guidance clarifying how employers can offer fertility benefits using existing categories of "excepted benefits." These benefits are exempt from HIPAA's portability rules, such as special enrollment rights and nondiscrimination provisions, as well as ACA market reforms, including annual limit bans and preventive care mandates.

The October 2025 guidance outlines three primary options for employers to offer stand-alone benefit packages outside of traditional group health plans:

- **Fertility benefits as an independent, noncoordinated excepted benefit**—Employers may provide fertility benefits through a separate, fully insured policy if there is no coordination between the fertility benefit and exclusions under any other group health plan maintained by the same employer, and the benefits are payable regardless of coverage under other plans.

- **Excepted benefit health reimbursement arrangement (EBHRA)**—Employers can reimburse employees for out-of-pocket fertility expenses through an EBHRA, provided the arrangement complies with applicable regulatory requirements.

- **Employee assistance program (EAP)**—Employers may offer fertility-related coaching and navigator services through an EAP that qualifies as a limited excepted benefit. To qualify, the EAP cannot be coordinated with benefits under another group health plan, cannot require employee premiums or contributions for participation, and cannot impose cost sharing.

Looking ahead, the agencies stated that they intend to propose rulemaking to provide additional ways for certain fertility benefits to be offered as a limited excepted benefit. They are also considering changes to the standards for supplemental health insurance coverage, including a supplemental benefit for fertility coverage, so that these arrangements can more easily meet the conditions for excepted benefit status.

At the same time, state-level mandates continue to expand. California recently joined more than 20 other states with fertility benefit mandates. Under the California law, large group health plans (generally those that cover over 100 people) must cover fertility services, including IVF. Although originally scheduled to take effect on July 1, 2025, implementation was delayed and will now apply to plans issued, amended or renewed on or after Jan. 1, 2026. While small group plans will not be required to cover such services, they are required to offer such coverage beginning Jan. 1, 2026.

As fertility benefits gain traction through both federal initiatives and expanding state mandates, employers have an opportunity to lead in offering inclusive, family-friendly benefits. Cost sharing and coverage gaps, particularly for self-funded plans not subject to state mandates, remain a barrier to access. A single IVF cycle can exceed $30,000, with typical costs ranging from $12,000 to $25,000 per cycle—and multiple cycles are often required to achieve pregnancy, creating a substantial financial strain. In 2026, employers should assess whether their current health plans meet applicable state mandates, particularly in states like California, where new requirements will soon take effect. Employers with self-funded plans that are not subject to state mandates should consider voluntary coverage or supplemental benefits to remain competitive. Monitoring forthcoming federal rulemaking on excepted benefits and supplemental coverage can help identify cost-effective strategies for offering fertility benefits outside traditional group health plans. Additionally, budgeting for high-cost treatments (such as IVF) and exploring reimbursement arrangements or partnerships with fertility care platforms can help mitigate employee out-of-pocket expenses. Overall, clear communication about available benefits and support services reinforces an employer's commitment to family-building and employee well-being, strengthening attraction, retention and productivity.

Key Trends Shaping Employee Leave Expansion

In recent years, there have been significant changes in employee leave laws at the state level, with a growing number of jurisdictions passing and expanding related legislation. As leave entitlements expand, various trends have emerged that employers must follow to remain legally compliant and provide a workplace with competitive benefits for employees. Notably, some states have implemented new PSL and PFML programs, while others have updated their PSL and PFML laws to stay current with the provisions of the newer legislation. Other significant trends include the proliferation of PSL-focused ballot measures, additional reasons for leave, expanded definitions of "family member," and the redesigning of state PFML laws to work with the federal Family and Medical Leave Act (FMLA). Another prevalent trend has been the emergence of voluntary paid family leave insurance programs.

At the federal level, courts are increasingly ruling that the USERRA requires employers to provide paid leave for military service if they compensate employees for comparable types of leave.

Many of these leave trends will likely continue through 2026 and beyond. Employers should take particular note of the trends below and watch for related changes, as they may need to amend their leave policies and practices in the near future to stay compliant.

New and Amended State PSL and PFML Programs

States across the country are enacting their own PSL laws, with close to half of all states having either PSL laws or laws mandating paid employee leave for any reason. Additionally, some states are enacting laws that address PFML for employees. In general, PFML programs provide employees with partial wage replacement during time off to care for an ill family member or for their own medical conditions.

Employers should also be mindful of leave requirements in states that were among the earliest to enact such legislation. It is a trend among these jurisdictions to update their PFML and PSL laws to stay current with the types of provisions the newer legislation contains. Amendments are being passed to provide enhanced requirements, including coverage for more employees and increased leave time.

Employers should be aware of any new or amended state laws taking effect in their jurisdictions in 2026, as well as any new or updated guidance that states may issue. Given the increased state leave activity in recent years, employers may continue to see states pass new PSL and PFML laws and amend older legislation to stay current with new laws. This growth in employee leave mandates is unlikely to abate in 2026, and states that currently do not have leave laws on the books may pass them in the near future.

State PSL Ballot Measures

Voters in several states have decided on ballot measures that impact the workplace. Ballot measures have included topics such as minimum wage increases and PSL mandates. Employers should review any ballot measures applicable in their respective jurisdictions and update their employment policies, practices and procedures to remain compliant with any changes.

> With voters having approved state ballot measures enacting PSL mandates in the past, it is possible that other states could follow suit in the future. Employers should monitor any developments and seek the advice of a knowledgeable legal professional for specific guidance on implementing the required changes.

Expanded Reasons for Leave

States are increasingly expanding the circumstances under which eligible employees may take leave. Expanded reasons for leave include bereavement, miscarriage, prenatal health care, school activities, blood/organ donation, public health/emergencies and leave for parents with a child in a neonatal intensive care unit. Other developments include the expansion of victim leave laws and the augmentation of state leave protections related to different types of service, such as emergency responder and military family leave.

Extrapolating from recent state leave law activity, employers can expect that future state PSL and PFML laws may include these expanded reasons for leave. It is also possible that states may expand their leave laws to cover new reasons for leave that are not yet addressed, particularly in states with employee-friendly laws. Employers should stay up to date on expanded reasons for leave in their respective jurisdictions, as they may soon be required to provide additional types of leave to employees.

Expanded Definitions of "Family Member"

Besides expanding the reasons for leave, states are also broadening the definition of a "family member" to include individuals who are not part of the employee's immediate family. Such legislation may allow employees to take leave to care for a relative, such as a sibling, or for another designated person.

Given the general expansion of leave laws, employers should expect that their states may choose to expand the list of individuals for whose care eligible employees may use leave. Applicable individuals may soon include any person designated by an employee, such as a friend or neighbor.

Redesigning State PFML Laws to Work With the FMLA

Certain states are amending their PFML laws to work more smoothly with the federal FMLA. Such amendments include efforts to reduce PFML or employment protection when employees take, for example, FMLA leave before using PFML in the same year—a practice known as "stacking" leave.

As states continue to expand leave laws in the future, they may choose to include a requirement that PFML run concurrently with leave under the FMLA to avoid stacking leave. Employers should stay informed about any such developments and consult local counsel if they are unsure of the amount of leave an employee is entitled to.

Voluntary Paid Family Leave Insurance Programs

A growing trend has seen states amending their insurance codes to allow carriers to sell policies for voluntary paid family leave benefits. Under these laws, employers may purchase policies to provide a paid family leave wage-replacement benefit to their employees. In some cases, employees can buy their own policies directly from insurers. The state insurance laws allowing the policies set parameters that paid family leave plans must meet to be eligible for coverage. Unlike many mandatory state PFML programs, these insurance laws do not require employers to provide job protection for employees on leave. At a time when states are increasingly imposing paid employee leave mandates on employers, this approach offers a voluntary alternative for providing paid leave to employees caring for family members.

Employers should verify whether their respective jurisdictions permit insurance policies for voluntary paid family leave benefits. Increased activity may be forthcoming in this area, particularly in states that currently do not have employee leave. Employers may need to consult with their insurance carriers and state insurance departments for additional information.

Federal Trends

Activity on employee leave is quieter at the federal level than at the state level. Time will tell whether efforts toward a national paid leave program will be successful in the future. However, it is worth noting that federal courts are increasingly ruling that USERRA requires employers to provide paid leave for military service if they compensate employees for comparable types of leave. There may be additional court decisions in this vein in the future, so employers should remain vigilant to past and future court activity on this topic in their respective jurisdictions.

Conclusion

Expansion is the prevailing theme surrounding employee leave trends. As states continue to expand existing leave laws and implement new legislation, employers will need to closely monitor legislative and regulatory developments to stay abreast of their specific legal obligations. It is always best for employers to work with local counsel to ensure compliance with all applicable laws that may affect their operations.

Innovative Strategies for Addressing Student Loan Debt

Education is widely recognized as a pathway for higher income and greater financial well-being. However, for a significant portion of the workforce, this path has resulted in mounting student loan debt.

> According to the Federal Reserve's most recent economic well-being survey, **30% of all adults**—representing more than **4 in 10 people** who pursued education beyond high school—reported that they took out student loans for their education.

As employees increasingly seek support from their employers to manage this burden, student loan assistance benefits have become a powerful tool for companies looking to attract and retain qualified workers and secure a competitive advantage in the labor market.

Recent legislation has strengthened and expanded two key options employers can offer heading into 2026: educational assistance programs and qualified student loan match programs. An educational assistance program is a separate written plan that provides educational assistance to employees. Among other requirements, these programs must be in writing and cannot discriminate in favor of highly compensated employees.

While educational assistance programs have been available for many years to pay expenses such as books, equipment, supplies, fees and tuition, the option to use them to pay for student loans was made available in 2020 and was set to expire on Dec. 31, 2025. However, the OBBBA permanently extends this student loan provision. As a result, employers may continue to use educational assistance programs to pay principal and interest on an employee's qualified education loans. Payments made directly to the lender, as well as those made to the employee, may qualify. Under current law, tax-free benefits under an educational assistance program are limited to $5,250 per employee per year, and assistance provided above this level is typically taxable as wages. However, effective for taxable years beginning after 2026, the OBBBA provides for annual inflation adjustments to the $5,250 limit.

The second type of benefit offering allows employers to help employees pay down debt while simultaneously saving for retirement. As a result of legislation passed in late 2022, employers sponsoring 401(k) and similar retirement plans are now permitted to make matching contributions based on qualified student loan payments (QSLPs) made by their participating employees. Employers seeking to offer a qualified student loan match program can rely on IRS implementation guidance from August 2024, which addresses a variety of plan administration issues, including:

- General eligibility rules, including dollar and timing limitations
- Employee certification requirements that student loan matching contribution requirements have been met
- Reasonable student loan matching contribution procedures that a plan may adopt
- Special nondiscrimination testing relief for 401(k) plans that include student loan matching contributions

Plan sponsors may rely on this guidance for plan years beginning after Dec. 31, 2024, and should continue to monitor and prepare for proposed regulations from the Treasury Department and the IRS.

These types of fringe benefits can significantly help employers attract and retain workers as more employees seek student loan support from their workplaces. Given the high prevalence of education debt and the now-permanent status of the OBBBA's student loan provision, employers who do not currently offer these types of debt relief programs may want to consider establishing one. By proactively offering student loan support, employers can show employees they are valued and provide them with much-needed financial assistance and support, which may increase employee productivity, engagement and happiness. Implementation of these programs should always be done in consultation with benefits counsel to ensure compliance with documentation, nondiscrimination and other IRS requirements.

AI's Growing Influence on the Workplace

AI is rapidly transforming the way organizations operate, with significant implications for HR and employee benefits administration. AI is driving efficiency, improving decision-making and even impacting the labor market.

One of the most significant areas of impact is how AI is changing the way employers manage benefits and workforce strategies. Here are some ways that employers will be using AI in 2026.

Changing Jobs Landscape

AI isn't just reshaping processes; it's fundamentally altering the job market. In 2025 alone, U.S. companies announced more than 1 million layoffs, with AI cited as a major factor in restructuring efforts. October 2025 marked the biggest reduction in more than 20 years. Tech giants like Amazon and Salesforce have been at the forefront of this trend. Amazon cut 14,000 corporate jobs, citing AI-driven efficiencies and organizational streamlining as key drivers. Similarly, Salesforce eliminated 4,000 customer support roles, explaining that AI now handles up to 50% of the company's workload through its "Agentforce" platform.

While AI is commonly cited as a cause of layoffs at major employers, its impact is also shifting jobs into other industries. For example, jobs may be expanded in growing sectors such as AI development, energy and data centers. Furthermore, in general, employers will be looking for workers who possess the technology skills to implement AI and stay current with the evolving market. In fact, Microsoft reports that more than 85% of Fortune 500 companies use Microsoft AI solutions and that two-thirds (66%) of CEOs report measurable business benefits from generative AI initiatives, especially related to operational efficiency and customer satisfaction.

While these moves are often framed as steps toward innovation, experts caution that the promised productivity gains from AI remain uneven. A recent Boston Consulting Group survey found that 60% of firms reported minimal revenue or cost improvements, despite significant investment in AI, raising questions about whether AI is being used as a genuine efficiency tool or as a narrative for cost-cutting.

Personalized Benefits Programs

Traditional benefits packages often follow a one-size-fits-all approach, which can leave employees feeling underserved. AI changes this dynamic by enabling data-driven personalization. Mercer's latest Global Talent Trends study found that approximately 40% of HR leaders use AI for benefits administration. Furthermore, more than half (53%) of executives expect AI to boost productivity by 10%-30% over the next three years, fueled by human-AI collaboration.

AI systems can analyze employee data (e.g., health claims, lifestyle preferences and engagement history) to recommend benefits that align with individual needs. This means employees are more likely to be offered relevant options, such as mental health support, fertility services or chronic disease management. The result is a more meaningful benefits experience that drives higher satisfaction and utilization.

Personalized Wellness Experiences

Technology is transforming wellness from generic programs to personalized experiences. Wellness platforms driven by AI analyze employee preferences, health data (with consent) and engagement patterns to deliver tailored recommendations (e.g., stress management module, a nutrition plan or a financial wellness resource). Key innovations include the following:

- Predictive analytics to identify early signs of burnout or disengagement
- Dynamic wellness dashboards with curated content
- Integrated wearables for real-time feedback on sleep, activity and stress

As more employees seek personalized, data-driven wellness experiences, employers can meet this demand in 2026 by incorporating AI into their wellness programs. Keep in mind that privacy remains a top priority, with transparent data policies and opt-in models in place. For employers, AI-powered personalization means higher utilization rates and a better return on investment in wellness initiatives.

Predictive Analytics for Workforce Planning

AI-driven predictive analytics is revolutionizing workforce planning. HR teams can now anticipate future needs and mitigate risks before they escalate. Key applications include:

- **Attrition forecasting**—AI models analyze patterns in engagement scores, performance data and even sentiment from employee surveys to predict who might leave the organization.
- **Skill gap analysis**—AI tools assess current competencies and forecast future skill requirements, guiding investments in training and development.

AI-powered platforms and dashboards can offer real-time insights, identify patterns in performance data and connect workforce strategy with business goals. Moving into 2026, data-driven workforce planning is evolving from a nice-to-have to an essential staffing strategy. As more employers embrace predictive analytics that can forecast hiring needs months in advance, it's critical to explore how to gain a competitive edge amid the sustained tight labor market.

Automation of Administrative Tasks

McKinsey predicts that AI and automation may transform up to 30% of today's work activities by 2030. One of the most immediate benefits of AI in HR is automation. AI-powered systems are increasingly handling tasks such as payroll processing, benefits enrollment and compliance reporting. This automation reduces human error, accelerates turnaround times, and frees HR professionals to focus on strategic initiatives, such as culture building and employee development.

As AI automation ramps up, there may also be a connection to layoffs, as previously mentioned. For example, IBM's CEO announced a plan to pause hiring for roles that can be automated by AI (approximately 7,800 jobs), primarily in non-customer-facing functions, such as HR. The CEO further estimated that 30% of back-office roles could be replaced by AI in five years.

Enhanced Employee Experience

Employee experience is a critical factor in engagement and productivity. AI enhances this experience through self-service tools and virtual assistants. Employees can access benefits information, submit claims or schedule wellness sessions instantly, without waiting for HR support. Chatbots powered by natural language processing provide 24/7 assistance, reducing frustration and improving accessibility. This convenience fosters autonomy and empowers employees to take control of their benefits.

AI can also help employees take control of their own

career development. Grand View Research reported that the AI market for skill development and work-force training is expected to expand at a compounded annual growth rate of 31.2% by 2030. AI-powered tools can provide personalized career pathing. AI-led mentorship can also match employees with coaching opportunities based on their career goals, skills and personality traits, while also automating feedback loops and offering real-time performance tracking.

Data-driven Decision Making

Sapient Insights Group research revealed that 31% of organizations now use AI within HR processes, up from 24% in 2024.

> This year, formal AI adoption within HR processes will continue to rise and is anticipated to **remain under 50%** across organizations.

AI can help beyond hiring and firing decisions. The goal is to be intentional and strategic in its use. AI enables HR professionals to make evidence-based decisions by aggregating and analyzing vast amounts of workforce data. Insights derived from AI can help organizations with the following tasks:

- Identify trends in benefits utilization.
- Measure return-on-investment on wellness programs.
- Benchmark compensation against industry standards.
- Detect patterns in absenteeism or productivity.

More employers are leveraging these insights to allow HR teams to design benefits that align with employee needs and organizational goals, ensuring resources are allocated effectively.

Conclusion

In 2026, AI is expected to continue reshaping the entire workplace as its impact becomes inevitable. Employers that embrace AI responsibly will gain a competitive advantage, fostering a culture where technology and people work hand in hand. While AI has already disrupted the workplace, the future of work isn't just about replacing humans with machines. As employers continue to monitor the AI market and its applications for their specific industries, it's also important to monitor how these trends will show up and impact their workforce and businesses.

Wellness Trends Reshaping the Employee Experience

Today's employee expects more than health benefits. Employee wellness has entered a modern era defined by personalization, priority and purpose. Driven largely by younger generations changing the workforce, wellness is shifting from a perk to a core business strategy. In 2026, organizations are rethinking how they support their workforce not just physically, but also emotionally, socially and professionally. Here are some key trends shaping workplace wellness in 2026.

Gen Z and Millennials Are Redefining Wellness

Gen Z and millennials make up the majority of the workforce—and they're reshaping wellness expectations. These generations (born between 1981 and 2012) prioritize holistic well-being, flexibility and inclusiveness. McKinsey's Future of Wellness research revealed that 30% of these cohorts are prioritizing wellness "a lot more" compared with one year ago, versus up to 23% of older generations. Stress, burnout, anxiety and worry are top mental health concerns for Gen Z and millennials, and they're prioritizing health and sleep.

Furthermore, the Gen Z and millennial generations generally consider wellness a daily priority, rather than an occasional indulgence. In fact, McKinsey reports that these generations account for more than 41% of annual wellness spending. To put this into perspective, consumers aged 58 and older account for only 28% of wellness spending. These young consumers are more likely to spend their hard-earned money on wellness-related items and services, including the following:

- Wearable technology
- Wellness coaching or retreats
- Fitness
- Recovery (e.g., massage tools and IV drips)
- Nutrition (e.g., supplements, vitamins, energy drinks, gut health and weight management)
- Skin and hair care (e.g., longevity treatments)
- Sexual health
- Somatic healing (e.g., mindfulness and breathing exercises)

These younger working generations are interested in a personal and holistic approach to wellness that's based on science-backed support and helps them focus on recovery and longevity.

Mental Health Becomes Mental Fitness

The conversation around mental health continues to evolve. In 2026, the focus is on mental fitness, which involves building resilience and emotional strength proactively rather than reacting to burnout or crisis. Similar to how regular exercise helps individuals maintain their physical fitness, proactively taking care of one's mental health is also crucial to overall well-being. Mental fitness is the general ability to navigate life's challenges with resilience, focusing on a response rather than a reaction.

Mental fitness is essential for a healthy and resilient workforce. As such, more employers are introducing perks and benefits, including mental health coaching to develop coping strategies and emotional agility, as well as dedicated mental fitness days to recharge without stigma. Employers may be considering ways to expand their EAPs and subsidize mental health apps. A significant part of this shift involves normalizing mental health conversations in the workplace and training managers to recognize the signs of stress and burnout.

Modern employers are investing in resources and tools to equip employees with the skills and support they need to be resilient and prevent issues before they escalate. This shift reframes mental health as a skill to be cultivated, not a problem to be solved.

Spotlight on Women's Health Support

Driven by increasing demand from workers, women's health is driving change in workplace wellness. More employees are looking for fertility support, menopause care and maternal health resources. However, according to Maven's 2025 report, only 40% of organizations provide fertility services, 49% include prenatal support and 21% offer menopause-specific support in their benefits.

As women of Generation X (Gen X)—those born between 1965 and 1980—experience perimenopause and menopause, they are more vocal than previous generations about needing more information, advocating for themselves and sharing their experiences. Gen X is the first generation to bridge the digital and analog eras, and they're finding that little menopause information is available. Furthermore, many doctors aren't well-versed in menopause care, further fueling confusion. According to The Menopause Society, fewer than 20% of primary care physicians in the United States receive formal menopause training. As a result, patients often receive misdiagnoses and a frustrating sense that "everything is fine." Many Gen X women were shocked by perimenopause symptoms, timing and other changes happening, so they're speaking up, advocating for treatment options like hormone therapy and taking control of their menopause experience.

This conversation also highlights the rising demand for information and support across all aspects and phases of women's reproductive health. As such, employers are increasingly introducing these benefits:

- Fertility benefits, including IVF coverage and fertility preservation (e.g., embryo and egg freezing) options
- Enhanced maternity support, including expanded parental leave, lactation services, doula services, mental health support and caregiving
- Accommodations to manage menstrual health issues and menopause symptoms
- Menopause support through coverage, virtual care, symptom management programs, workplace policies and employee resource groups

These initiatives reflect a growing recognition that women's health needs are not niche—they're integral to workforce well-being. Gen Z, millennial and Gen X workers alike are looking for access to women's health, including fertility and menopause support and everything in between.

Building Financial Resilience

Economic uncertainty and rising health care and living costs have pushed financial wellness to the forefront. Employees increasingly link financial stress to mental health challenges, making this an essential pillar of workplace well-being. Moreover, Vanguard research found that nearly 75% of Americans fell short of their saving and spending resolutions in 2025. However, they're ready to recommit in 2026 and are optimistic about it. As such, 84% of Americans have a financial resolution for 2026, with building an emergency fund and using a high-yielding account for short-term savings goals as the top two resolutions.

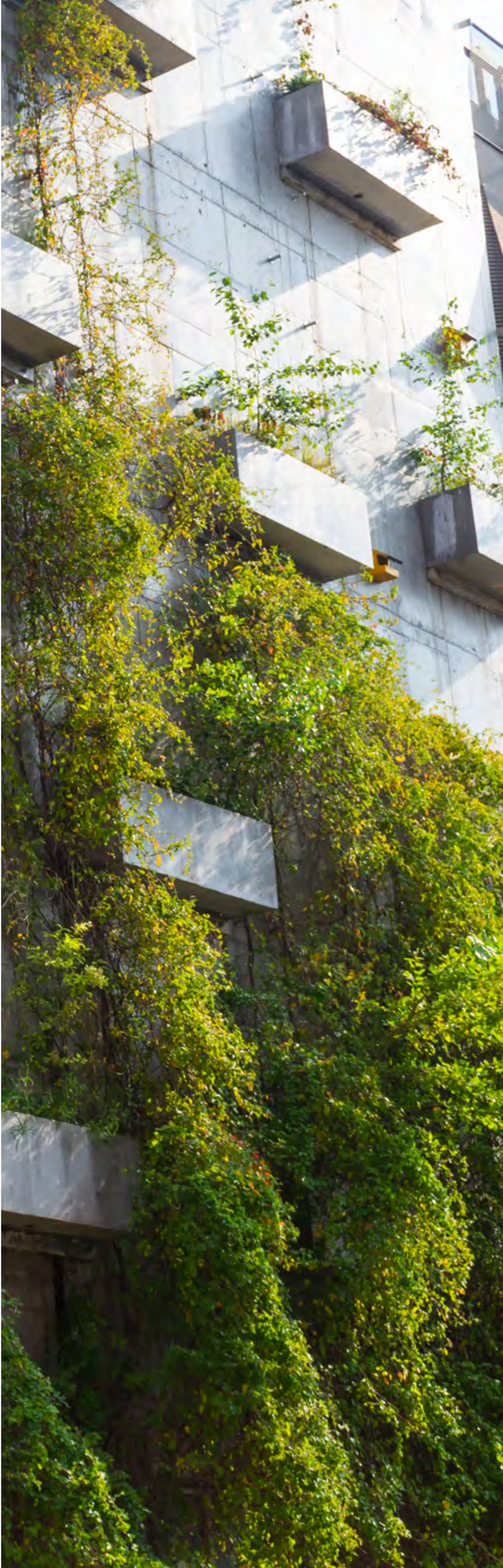
While the majority of workers are concerned about economic uncertainty this year, there are some generational differences. For example, baby boomers are concerned about unexpected expenses, millennials are struggling with insufficient income and Gen Z is most likely to live beyond their means. In response to the growing need for financial education and support, more organizations may offer the following types of benefits:

- Financial education workshops and debt counseling
- Flexible pay options and emergency savings programs
- Student loan repayment
- Retirement planning
- EAPs

Similar to how mental fitness is characterized by resilience, today's workers are looking for financial resilience so they can handle what comes their way in life. Fortunately, employers are well-positioned to help workers gain their financial footing this year.

Summary

Health and wellness continue to evolve and can vary across different generations. Wellness is a very personal journey, but employers have the opportunity to offer meaningful support. As these trends continue to shape employee wellness, employers can evaluate their current wellness initiatives and consider ways to improve them to better support workers in 2026.



Conclusion

The employee benefits market is expected to undergo significant changes in 2026. New compliance requirements, shifting enforcement priorities and the sweeping provisions of the OBBBA will require careful attention and timely updates to plan administration. At the same time, accelerating health care costs are expected to challenge affordability. Employers must also prepare for evolving workforce expectations, including expanded leave entitlements, modern wellness priorities, growing demand for fertility and women's health benefits, and the increasing influence of AI on operations and employee experience.

Ultimately, 2026 will require employers to be strategic and adaptable as they navigate imminent challenges. As always, we are here to help as a trusted advisor, providing up-to-date information on the latest developments and supplemental resources employers can use to educate themselves and their employees.

Reach out to learn more.