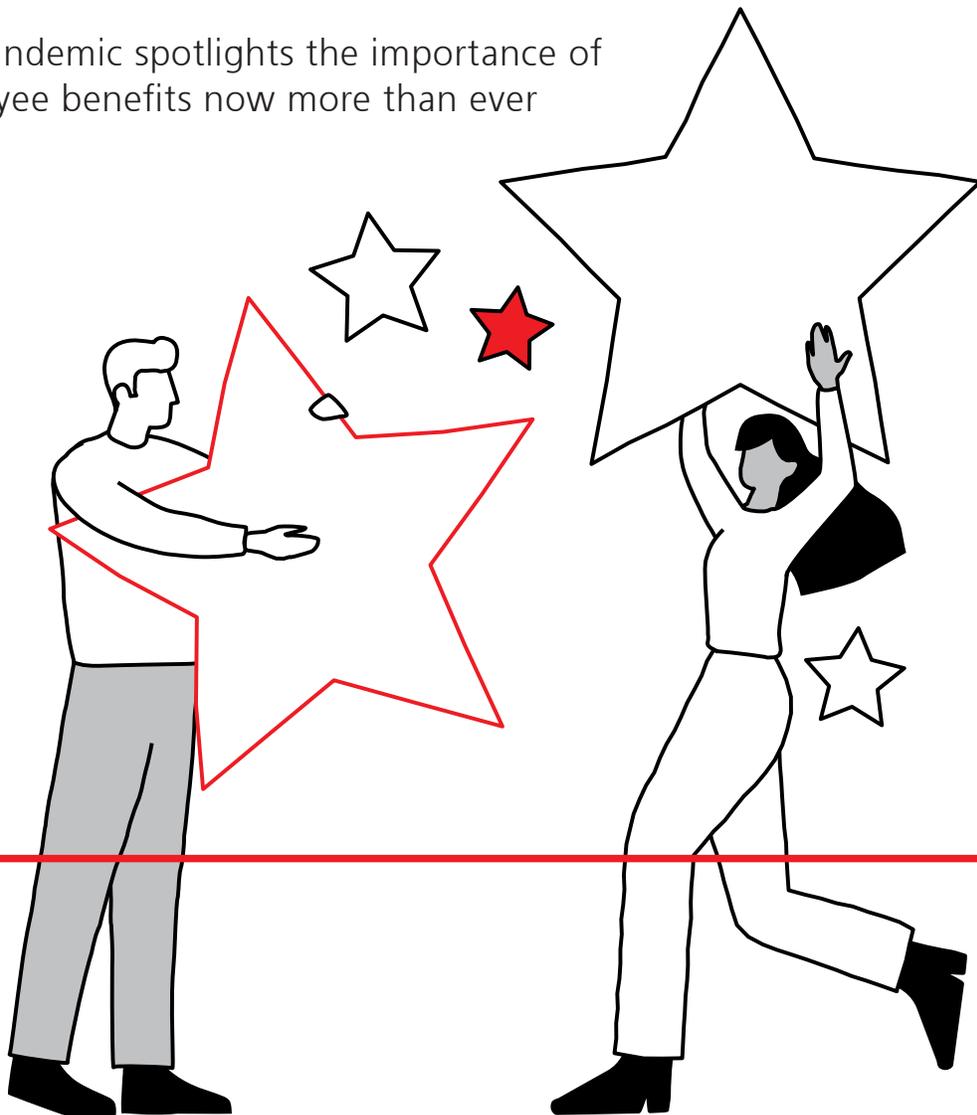


UBS Workplace Voice

Employee attitudes and behaviors
Presented by UBS Workplace Wealth Solutions
Issue 2

Benefits take center stage

The pandemic spotlights the importance of employee benefits now more than ever



While COVID-19 brought great loss and difficulty, it also made way for positive changes in the workplace. Employee expectations of what they want and need from their employer have changed. The companies who embrace these opportunities to reshape workplace norms will have a strategic advantage going forward.

From continuing to work remotely to retiring early to seeking more wellness resources, employees have a different set of needs and expectations in the wake of the pandemic.

Employees want choice about where they live—even if it means a pay cut

As the work environment continues to evolve, more than half of employees expect to continue working from home regularly in a post-COVID-19 world. Almost 9 in 10 remote employees appreciate their company more due to the increased flexibility, reporting higher levels of satisfaction, productivity and better work-life balance. This increased flexibility also emboldens many employees to want to move to a more desirable location. In fact, 4 in 10 employees are willing to take a pay cut to make this a reality.

Employees are looking to retire early thanks to better financial habits

The pandemic helped engender stronger financial habits while reminding us that “life is short,” creating a shift in retirement mindset. More than two-thirds of employees expect to retire before the age of 65.

Employees are more open to equity compensation post-pandemic

As the stock market has greatly rebounded since the beginning of the pandemic, employees who are equity plan participants have reaped the benefits of appreciation and are now more open to receiving equity compensation. Furthermore, those who work with an advisor place greater value on equity awards than employees who don't. Seventy-five percent of plan participants who work with an advisor are more open to receiving equity compensation, compared to 32% of participants who don't work with an advisor.

Financial education helped women reduce the pandemic's negative impact

It's no surprise that the pandemic impacted women more negatively on both a personal and professional level compared to men. But one key factor helped many women persist during this difficult time—financial education. Women who participated in financial wellness programs or worked with a financial advisor were far less impacted compared to those who did not. Their overall sense of financial wellness was much higher for these women.

Employees increasingly seek mental, physical and financial wellness

With all these changes in their lives, employees are looking to their employers for more support than ever. They are seeking support with their financial, mental and physical wellness. This is especially true for millennials. Nine in 10 feel their company has a responsibility to help them achieve high levels of wellness across all three areas.

COVID-19 spurred many healthy financial habits among employees

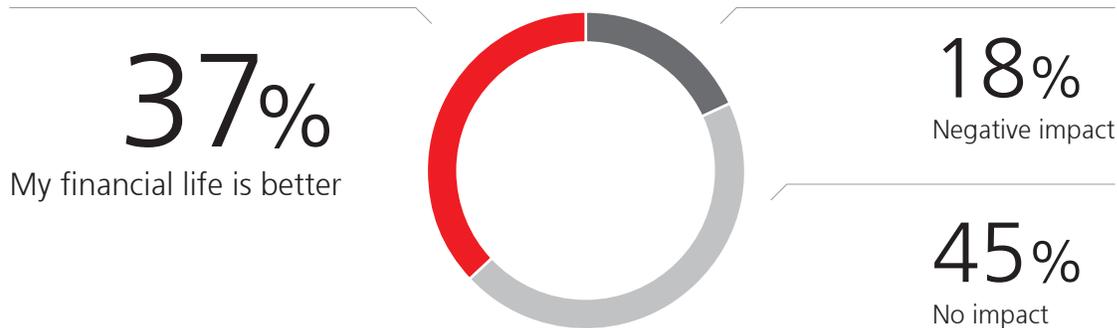
The pandemic has changed the financial habits of many employees, and mainly for the better. Almost half (45%) of employees have reduced their overall expenses, with an additional 27% considering doing so. Many have increased their emergency savings fund, paid down debt at a greater pace and started working with a financial advisor.

As a result of these positive changes in financial behaviors, more than one-third (37%) of employees feel their financial situation has improved compared to only 18% who feel it has declined.

Employees are taking steps to improve their financial lives ...

	Have already done so	Considering
Reduce overall expenses	45%	27%
Increase my emergency savings fund	41%	29%
Pay down debt at a greater pace	38%	24%
Start working with a financial advisor	38%	22%
Increase investments in the stock market	31%	28%
Review insurance coverage (life and disability)	31%	23%
Refinance home mortgage	21%	21%

... and more than one-third see improvement



Employees expect mental, physical, and financial wellness support

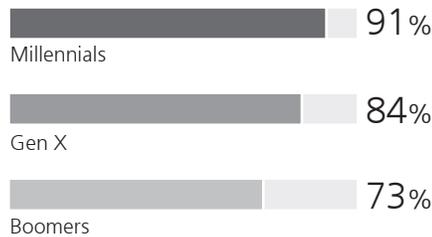
While employees have taken many steps to improve their financial lives in the wake of the pandemic, many are still looking to their employers for help. They seek support not only with financial wellness, but also mental and physical wellness. Millennials are the most interested in receiving assistance across all three areas compared to older employees.

To help achieve these goals, employees are most interested in getting access to mental health services, financial planning and fitness coaching. Other services range from life coaches to student loan assistance and even chiropractor services.

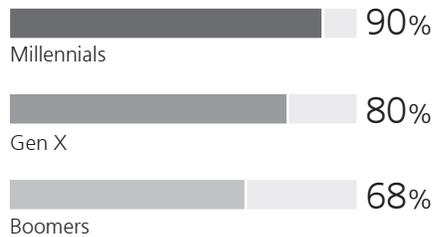
Younger employees look for more support from their employer

I agree my company has a responsibility to help me with wellness.

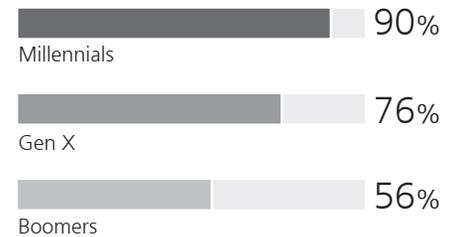
Mental health



Physical wellness



Financial wellness



Employees expect an expanded array of wellness services

It's highly important that my company provide each service.

52%

Mental health services

51%

Financial planning

43%

Health/fitness coaching

40%

Nutritional services

38%

Life coaching

38%

Student loan assistance

37%

Gym memberships

37%

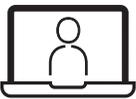
Massage/
chiropractor services

Both companies and employees benefit from remote working

The pandemic saw many employees adjusting not only their financial habits, but also their work habits. About 6 in 10 (62%) of employees are currently working from home most or all of the time, and more than half (51%) expect to maintain this structure in a post-COVID-19 world.

Many of these remote workers believe this change in work environment has been beneficial for themselves and their employers. On the personal side, about half say their work-life balance and family relationships have improved. From a professional standpoint, 48% cite greater satisfaction with their job and company, and 44% cite being more productive. With their newfound flexibility, almost 9 in 10 appreciate their company more.

Remote employees appreciate their companies ...

 **87%**

I appreciate my company more now that I have more flexibility.

... and expect to remain working remotely post-pandemic

	Current work environment	Expected work environment post-COVID-19
I do all my work from home	43%	29%
I work from home most of the time	19%	22%
I work on the job/in the office most of the time	11%	15%
I do all my work on the job/in the office	27%	34%

Remote employees enjoy many benefits and feel more satisfied

	 Increase	 Decrease	 Remain the same
Work-life balance	51%	14%	35%
Closer family relationships	49%	11%	40%
Satisfaction with company	48%	14%	38%
Satisfaction with job	48%	14%	38%
Productivity at work	44%	18%	38%

Remote employees want to choose where they live—even with a pay cut

As more employers embrace remote work environments, employees are rethinking their current living situations. About 8 in 10 feel they have more freedom to choose where they want to live as opposed to where the job dictates. Sixty-two percent of employees are interested in moving to a more desirable location now that working from home is more accepted.

Employees are also willing to sacrifice salary to be in their desired location. In fact, 40% of employees would forgo a portion of their salary if it meant being able to live and work in their place of choice. Interestingly, men are more inclined to reduce pay to obtain this than women. Of the employees who are willing to sacrifice pay for location, 57% are willing to cut 15% or more of their salary.

Remote employees feel they have more freedom to live where they want ...



81%

I'm free to choose where I live.



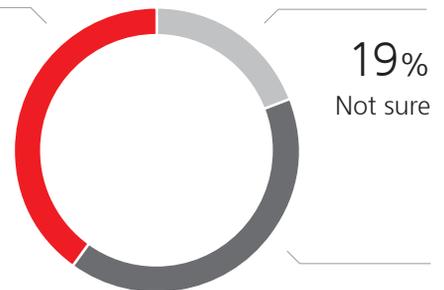
62%

I'd like to move somewhere else.

... and many are willing to take a pay cut to achieve this

40%

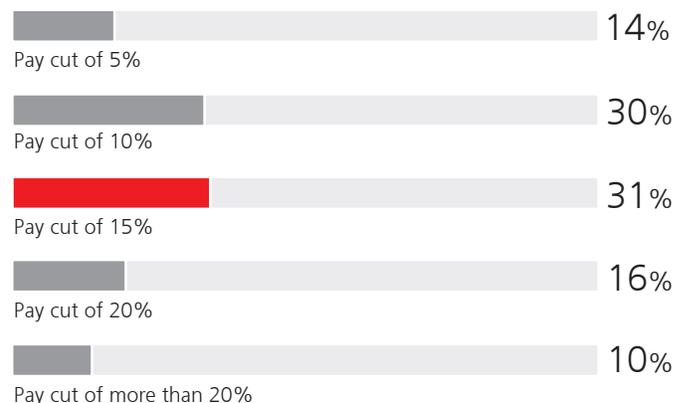
Willing to take a pay cut



45% Men
28% Women

41% Unwilling

Among the 40% willing to take a pay cut, most would decrease pay up to 15%



Employees look to retire sooner

As employees' financial habits have improved during the pandemic, the thought of retiring earlier seems more obtainable. Two-thirds (67%) of employees expect to retire before the traditional retirement age of 65. This is especially true for men, among whom 70% expect to retire early compared to 58% of women.

As early retirement becomes more attainable, employees are looking to their companies to help them realize this goal. Eighty-four percent agree that companies should be doing more to help their employees reach their retirement goals. The main resources they are looking for include retirement planning resources, financial planning and access to financial specialists.

Two-thirds of employees want to retire early ...

67% I expect to retire before age 65.

 **70%** Men  **58%** Women

... and expect their companies to help



My company should be doing more to help me reach my retirement goals.

Top resources employees seek to help reach retirement goals



52%
Retirement planning resources

48%
Financial planning

47%
Access to financial specialists

47%
Tax planning strategies

44%
Budgeting and savings tools

43%
Insurance planning

42%
Credit reports

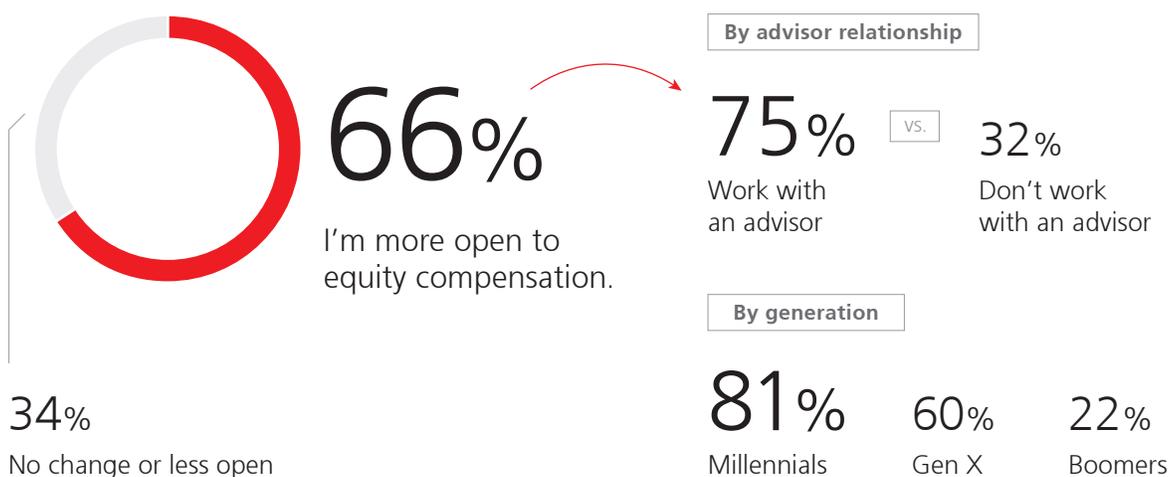
Plan participants see equity awards as more attractive

When the pandemic first struck in March of 2020, stock markets plummeted but quickly recovered and have since risen significantly to record highs. Employees who are equity plan participants have benefitted. As a result, two-thirds (66%) are now more open to equity as part of their compensation. Younger employees are more open to equity compensation compared to older employees. Plan participants also have a positive outlook

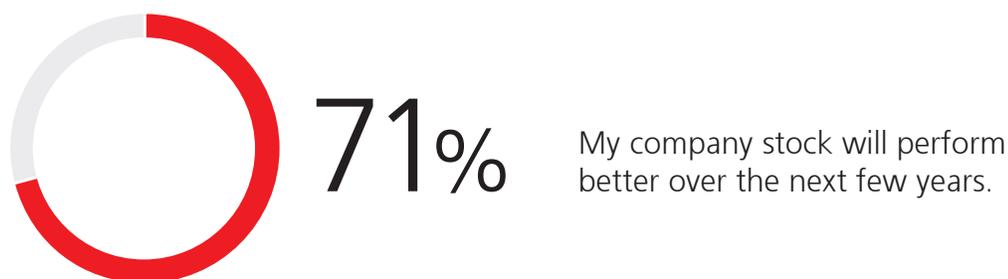
on their company's stock performance with 7 in 10 who feel it will outperform the overall stock market over the next few years.

The presence of a financial advisor also impacts views of equity awards. Of the plan participants who work with an advisor, 75% are more open to equity compensation compared to 32% of plan participants who don't work with an advisor.

Equity plan participants more open to receiving equity compensation



Plan participants optimistic about company stock



Gender spotlight

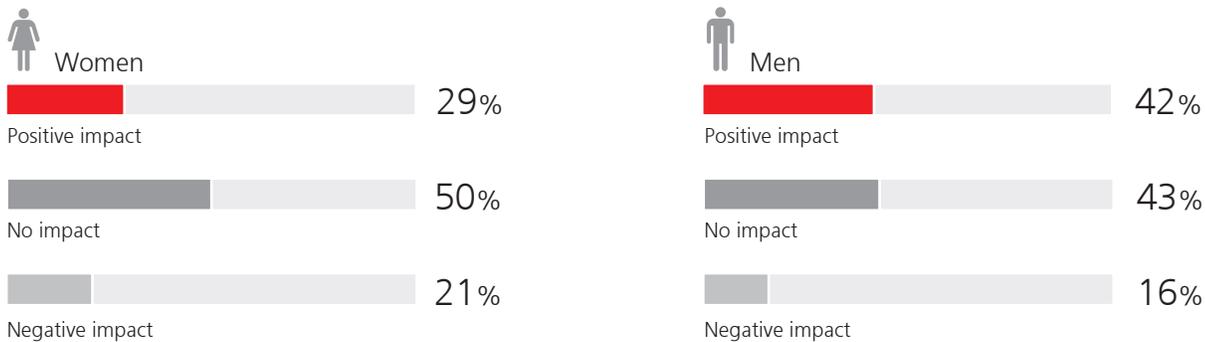
Financial education helped women during the pandemic

The financial impact of COVID-19 was not equal, with only 29% of women stating their financial situation improved compared to 42% of men. Financial wellness programs were highly beneficial to women during this unprecedented time. About 8 in 10 women (79%) who participated in their company's financial wellness programs rated their sense of financial wellness high compared to 56% of women who did not participate.

Financial advisors also play a significant role in improving women's sense of financial wellness. Two-thirds of women with an advisor expressed a high level of financial wellness compared to 45% of women who don't work with one.

COVID-19 had a less positive impact on women's financial lives compared to men

The pandemic improved my financial life



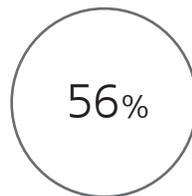
Women benefitted from financial wellness programs during the pandemic



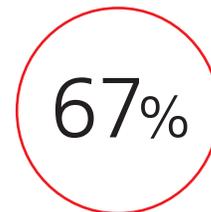
My overall financial wellness is excellent.



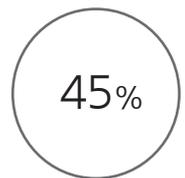
Participants



Nonparticipants



With an advisor



Without an advisor

Understanding what insights mean to you and your company

While we don't know exactly what a post-pandemic employment landscape will look like, it is increasingly clear that employees will demand greater benefits and

protections from their employers. Merely paying employees more money doesn't always mean happier employees.

The following questions and considerations can help guide you in creating a truly rewarding workplace that attracts and retains a more diverse and flexible workforce:

- 1 Do you have the right benefits in place that address the needs of all employees, from big cities to small towns? Mental health services, financial planning and health/fitness coaching are at the top of employees' needs.
- 2 Employees want to choose where they live and work. Is your benefits package optimized for a remote workforce? Now might be the time to review your company's benefits contracts to ensure they are updated for a virtual world.
- 3 Equity plans overall are being used in unique ways to engage and retain employees. Is there more you can do with equity compensation?
- 4 Employee Stock Purchase Plans (ESPPs) are experiencing renewed interest and incorporating plan features never considered before. Whether your company has a plan in place now or not, is it time to re-explore an ESPP?
- 5 Due to recent gains in the stock market, employees find equity awards more attractive. According to a UBS research series, *UBS Participant Voice*, employees don't appreciate what they don't understand. How do you ensure they value their awards for the long term and even when the market is down?¹
- 6 Does your financial wellness program have a real impact on employees or is it just a "check-the-box" benefit? According to a 2020 UBS study, *A benefit whose time has come*, comprehensive financial wellness programs help not only the employees, but also the companies that offer them.²
- 7 Do employees need assistance with reducing student loan debt?
- 8 Is your company's 401(k) plan still up-to-date? Do all employees take advantage of it?
- 9 Do you have the right tools to engage your employees with all the benefits your company offers?

¹ Source: *UBS Participant Voice* research, 2013-2020.

² Source: *UBS Workplace Voice*, November 2020.

About UBS Workplace Wealth Solutions

UBS Workplace Wealth Solutions collaborates with corporate clients to deliver customized solutions across a range of programs for the workplace, including financial wellness, retirement, equity plans and institutional consulting. We currently provide more than 10,000 employers and their two million employees in over 150 countries with access to financial knowledge, benefits programs that prepare them for retirement, and an integrated experience that combines the right mix of people and technology. We work side-by-side with our clients so that everyone feels rewarded at work and optimistic about realizing their long-term financial goals.

About the survey

UBS Workplace Voice is an industry-wide online survey of employee benefit participants. It is designed to generate insights employers can use to help participants maximize the value they receive from their company benefits such as equity awards, financial wellness and retirement. The responses represent a cross section of companies, industries and service providers. For this edition of *UBS Workplace Voice*, we surveyed 1,200 employees across various industries, ages and asset levels in April of 2021.



We welcome your questions about how we can help you create a more rewarding workplace through UBS Workplace Wealth Solutions and the services we offer. Please contact a UBS representative by e-mail at UBSWorkplaceSolutions@ubs.com or visit us at ubs.com/workplacesolutions.

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