Alliant

Employee Benefits

Tech Industry Perks and Benefits Survey Results

2024 Executive Summary

About the Survey

Since 2013, Alliant has been surveying employers in the tech industry. We are pleased to present Alliant's 2024 Technology Perks and Benefits Survey Executive Summary featuring results from participants across the high tech industry.

For insights or specific information on any of the points in this overview, please contact your Alliant representative or contact us. Full survey results, including detailed data cuts, are available to all survey respondents.

In an era of cost pressure, benefits remain resilient

As we stretch into the second year of a difficult tech economy, the tech sector continues to grapple with economic uncertainty and softening financial markets. Companies continue to shift their focus from growth to profitability, while financial conditions remain difficult for all but the largest and most profitable companies. Tech has also become the most active sector for private equity deals, leading to significant scrutiny of expense ratios. Benefits are the second largest expense for companies, following compensation, so it naturally follows that benefit plans and programs are being carefully examined to control costs across the entire tech ecosystem.

Despite ongoing financial scrutiny of corporate expenses, Alliant's 2024 survey data indicates that tech companies are not significantly reducing benefits. Instead, they are focusing on driving savings and value in ways that do not negatively impact employees.

Although, there is a heightened focus on healthcare and medical costs—with healthcare trend now at a 10-year high looking toward 2025—any necessary benefits cost-cutting measures have largely focused on minor plan design changes, such as moderate employee contribution increases, and termination of programs with low utilization or ROI.

Looking ahead to 2025, HR leaders will continue to evaluate efficiency across their benefits portfolio. We expect their priority will be limiting cost increases or outright reducing benefits costs, while still emphasizing employee value and productivity in what will remain comparatively generous compensation and benefits packages. Key hot elements of the tech sector, including AI and a limited number of large extremely profitable tech giants, continue to compete for limited talent and are demonstrating their commitment to employee well-being by being cautious about cutting benefits, even while keeping an eye on costs.

The benefits landscape has expanded significantly over the prior bull market in tech, as we have seen companies add new programs across key areas including, but not limited to, mental health, caregiving, and family-forming benefits. Although these supportive benefits are likely to continue, in their quest for efficiency companies may look to scale back or consolidate programs.

Lastly, with the first-of-its-kind fiduciary governance lawsuit filed against Johnson and Johnson, it's clear there will be an increased focus on fiduciary governance and compliance. Simply put, employers may face serious risks of class action litigation if they do not manage their programs in a cost-effective way that ultimately aligns with the best interests of plan participants.

While the tech industry has clearly entered a new era defined by efficiency and financial discipline, so far in 2024, changing priorities are not yet resulting in significant benefits reductions. 2025 will bring another challenging year as tech employers continue to balance expense concerns with higher healthcare cost increases.

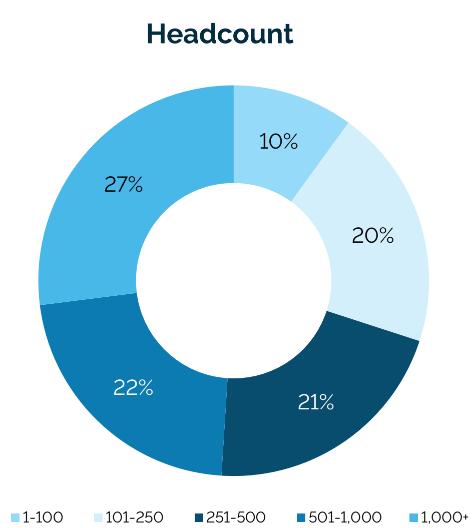
Participants

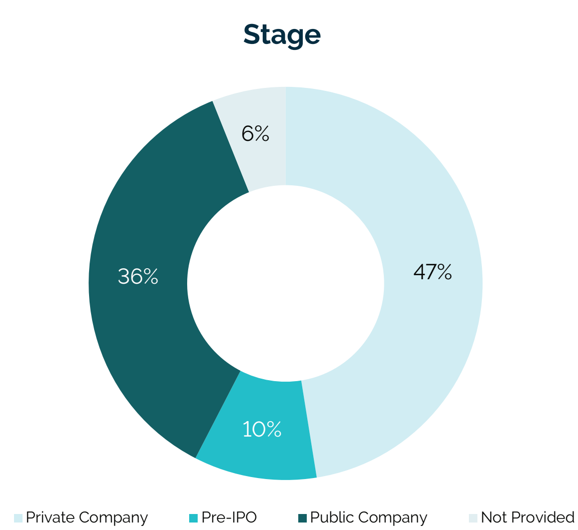
The spectrum of participants by headcount remained largely consistent with our 2023 survey, with companies with 1,000+ employees most represented, and those with 100 and under being least represented. For company stage, private company participants increased by 7% compared to 2023, while pre-IPO decreased by 6%, reflective of conditions in the overall tech market.

AVERAGE

AGE	BASE SALARY	TURNOVER
39	$161k	14%

Average total health and welfare benefit costs generally range between 10-15% of base salary (depending primarily on benefit levels and employee demographics).





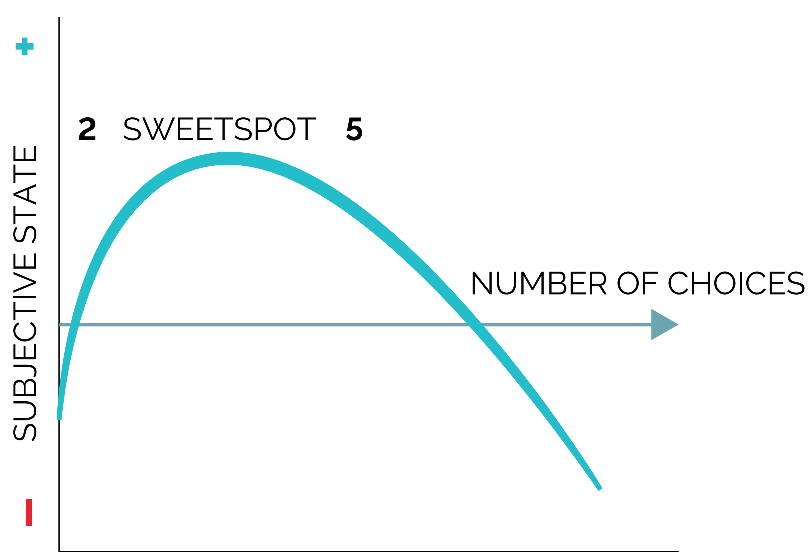
Medical Plan

97% of all respondents and 100% of companies with 1,000+ employees offer a PPO. HSA- compatible plans are the second most prevalent plan type with 83% of companies offering one, and slightly more prevalent (89%) at companies with 1,000+. HMOs are also strongly represented with 79% offering 1 HMO, typically Kaiser (86% of companies 1,000+). It remains most common for employers to offer three medical plans, with a PPO, HSA, and regional HMO offering.

Most Common Plan Mix	1,000+
HDHP/HSA only	3.1%
PPO only	6.3%
PPO + HMO only	12.5%
PPO + HDHP/HSA only	18.8%
PPO + HDHP/HSA + HMO	59.4%

How many plan options is the right number?

The paradox of choice and benefit satisfaction research points to between 2 and 5.

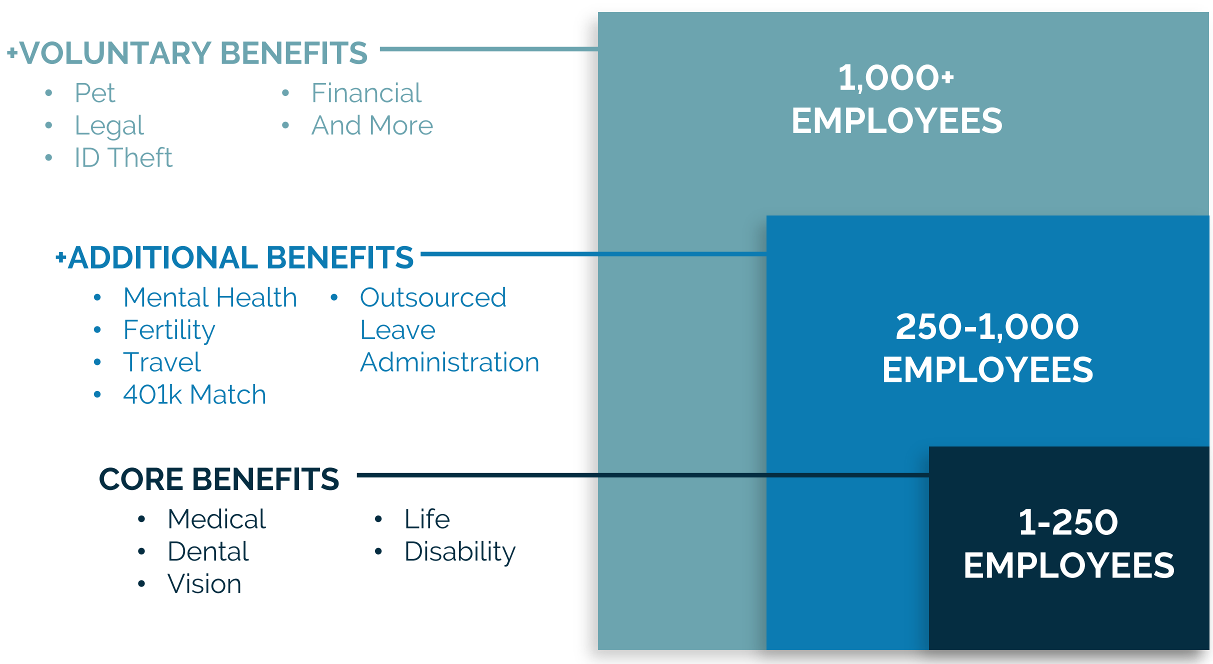


Right Sizing

As would be expected, benefit offerings increase with company size. Smaller companies focus on a foundation of core benefits, but as company size increases, so does the need for additional administrative support and consideration of alternative funding mechanisms.

COMMONLY OFFERED BENEFITS

(50%+ OF COMPANIES)



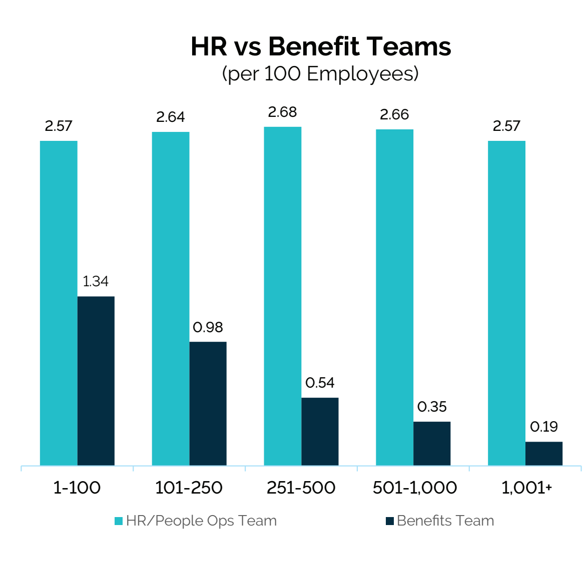
Team

For the second year in a row, controlling healthcare spend is HR's #1 priority. Improving well-being moved up in the rankings, likely due to the continuing need to retain top talent, as well as a response to heightened strain on employees globally. Mid-level priorities were comparable to 2023, with some issues shuffling in the rankings. Vendor management and plan administration continue to be the lowest areas of concern.

	'24	'23
Control health spend	1	1
Improving wellbeing	2	4
Communication and education	3	2
Offering competitive benefits	4	3
Affordability of benefits	5	6
Leave administration	6	5
Diversity, Equity and Inclusion	7	7
Compliance	8	9
Recruiting and retention	9	8
Global benefit administration	10	10
Vendor management	11	11
Plan administration	12	12

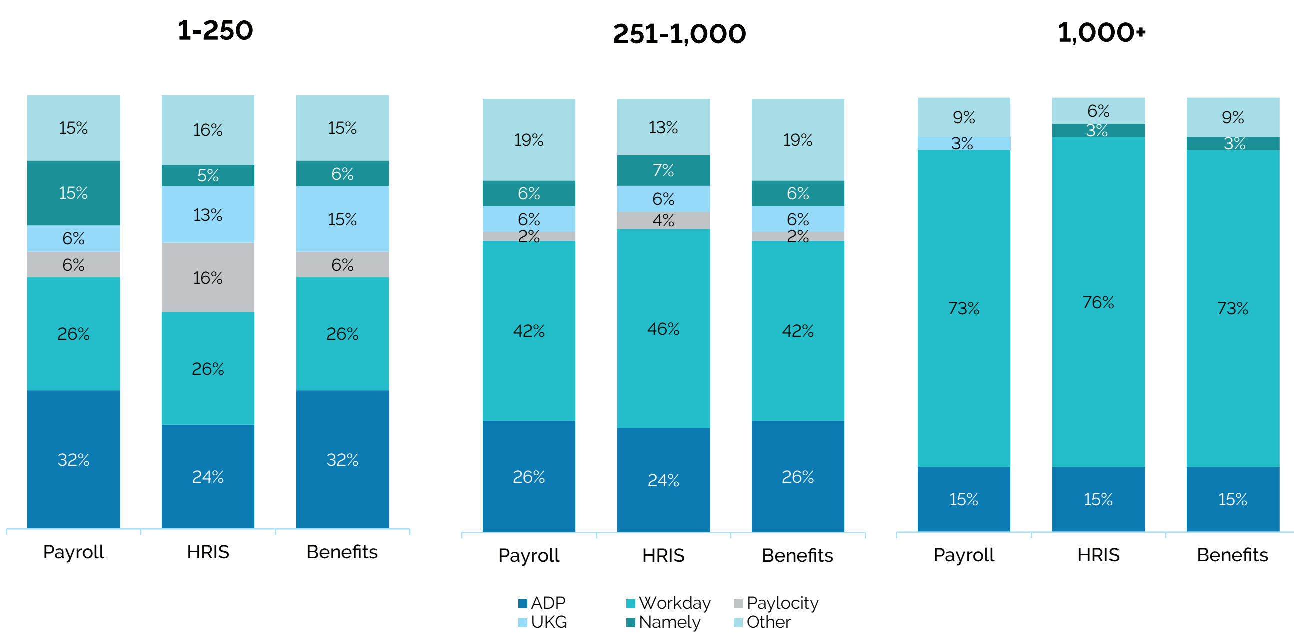
How does staff size compare?

HR/People Ops team size per 100 employees is fairly proportional across all size companies; however, benefits team size decreases as companies get larger, reflecting economies of scale including higher investment in systems and outsourcing to replace hands-on services.



Platforms

Workday has emerged as the HRIS system of choice across payroll, HRIS, and Benefits for mid to large companies (251 to 1,000+). For smaller companies (250 and under), ADP usage remained comparable to last year. For both small and large companies, the "Other" group declined sharply, suggesting ongoing consolidation in what has historically been a fragmented marketplace.



Trends

Return to Office (RTO)

Many employers have struggled to transition employees back to the office, often meeting resistance from both current employees and job seekers. Tech is no different, with culture often being at the center of the employer-employee tug-of-war. Many of the industry's largest employers have ended fully remote work in the past year but few are mandating a full-time return to the office. This 'hybrid' model is currently the most prevalent strategy as companies strive to find a balance that supports employees' desire and need for work-life balance while also maintaining corporate objectives and productivity.

2.5 days required in-office, on average

Hybrid	2
In-Office Primary	4
Remote First	1.5

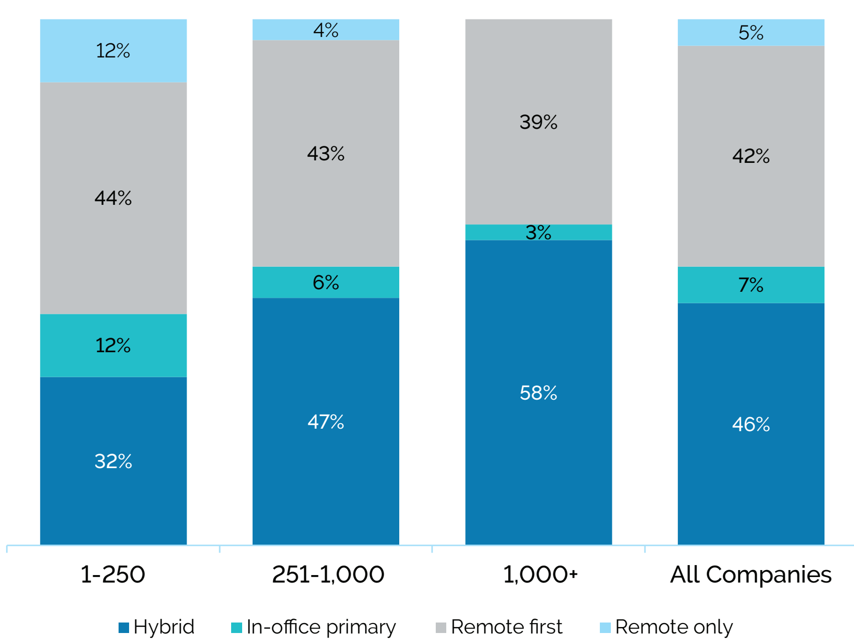
60% allow employee choice

Employee Choice	60%
Specified Days	37%
Varies by Team	3%

59% don't monitor adherence

Yes	59%
No	41%

Return to Office Status



Trends

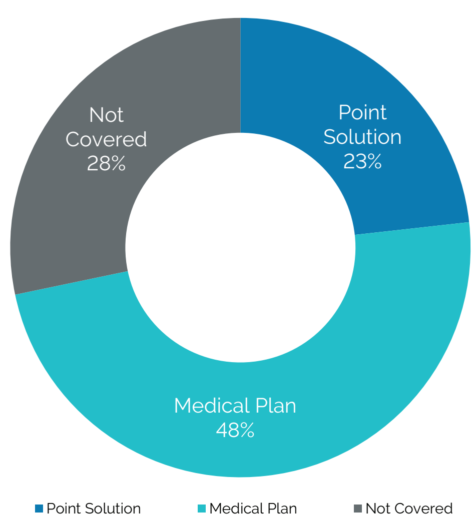
Fertility and Family-Forming Benefits Offered

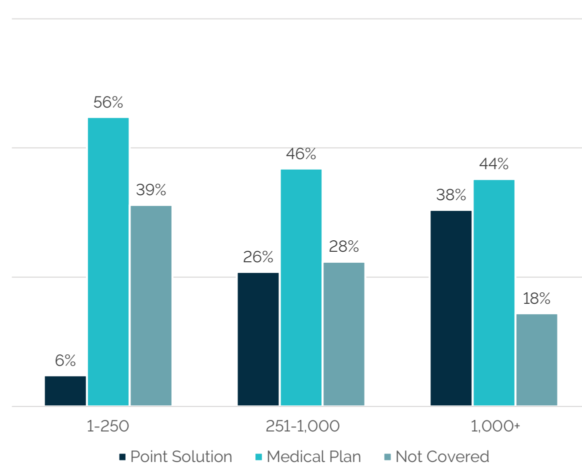
Gen Z and millennials, who will make up most of the workforce by 2030, prioritize mental health benefits, flexible work policies, diversity initiatives, and family-forming support. Studies show that 70% would consider leaving their jobs to access fertility benefits.

Fertility and family-forming benefits have become a crucial aspect of comprehensive and inclusive benefits programs. More tech companies are covering them, with 86% of companies with over 500 employees offering fertility benefits in 2024.

For companies that offer fertility coverage, more than half provide equal benefit dollar amounts for fertility, adoption, and surrogacy.

Fertility maximums have remained stable, with the median benefit remaining around $20,000. Companies in the survey offer between a low of $5,000 and a high of $100,000. Of those offering coverage, 51% have a dollar maximum, 30% have a cycle maximum (averaging 2.4 cycles) and 19% have an unlimited maximum.



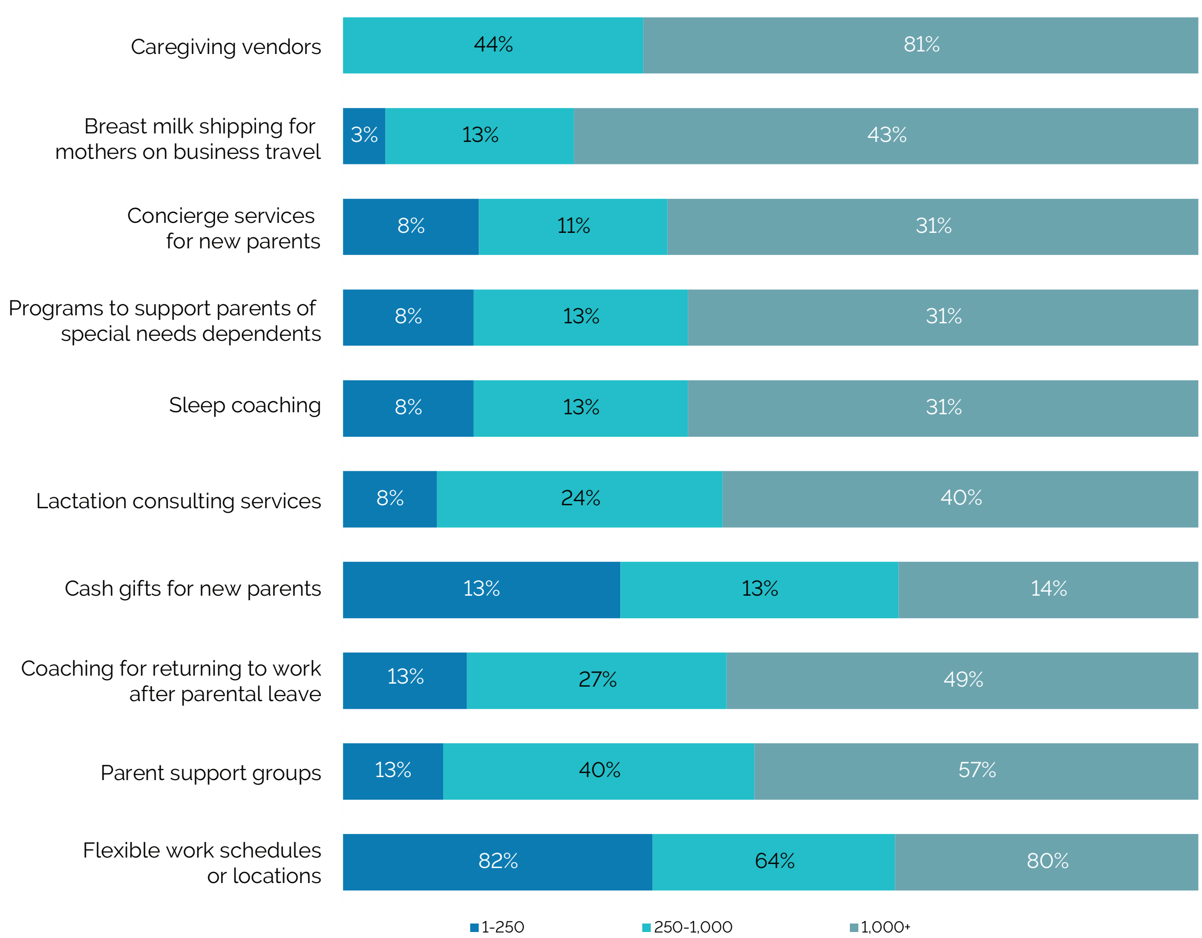


Trends

Caregiving

Family-friendly policies not only enhance your company culture, they make good business sense. Employees highly value caregiving support and those who receive it are 30% more likely to stay with their employer. Caregiving point solutions are provided by companies of all sizes. Companies with 1,000 or more employees also offer a wide range of stand-alone parental support benefits. Flexible work schedules to accommodate parental needs are common across companies of all sizes.

Percentage Offered Prevalence by Company Size



Trends

Mental Health

The mental health crisis is urgent, with more than a third of American adults suffering, and employer-sponsored medical plans and employee assistance programs are struggling to meet the demand.

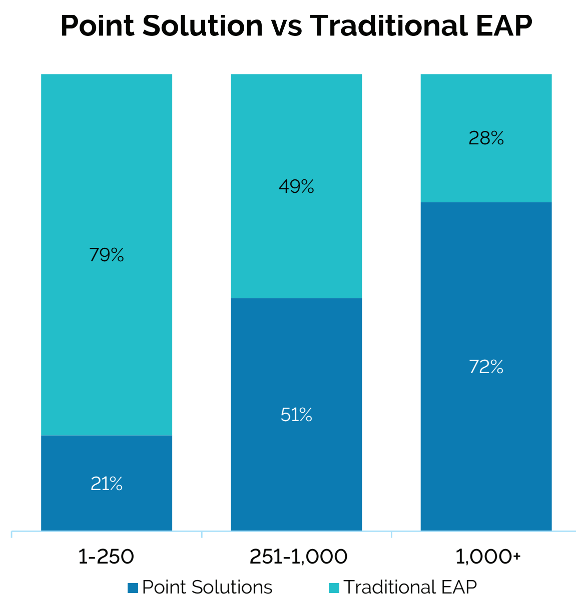
48% of tech employers utilize point solutions for mental health. As company size increases, point solutions become more prevalent than a traditional EAP.

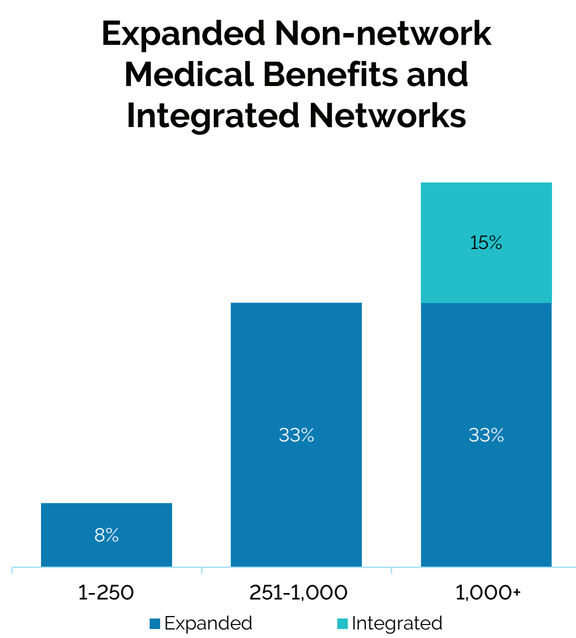
The number of therapy visits continues to range from 5-25, with an average of 13. While some companies have improved therapy coverage by expanding medical out-of-network benefits, and some have fully integrated point solution networks into their medical plan networks, these strategies remain relatively limited.

For additional insights on mental health coverage, see Alliant's series of articles on how employers can respond to the rise of mental and emotional health issues faced by their plan members.

57%

Of Companies Utilizing Carve Out Solution Also Maintain Traditional EAPs

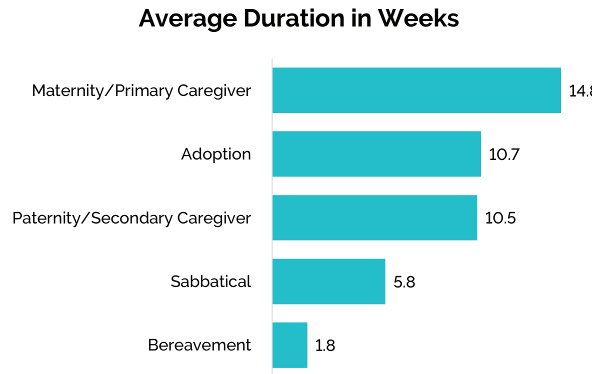


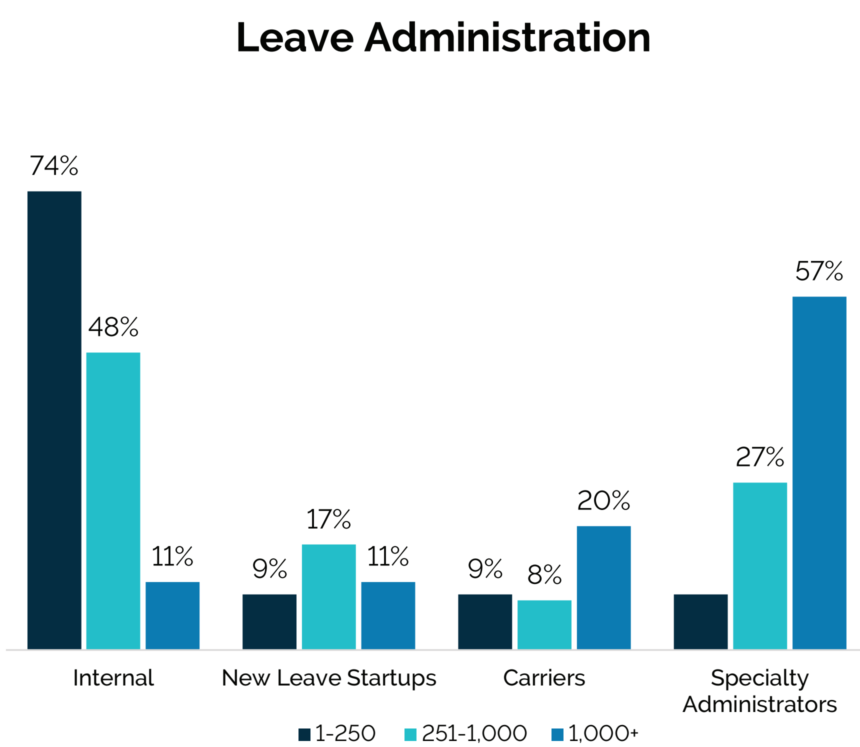


Trends

Leave

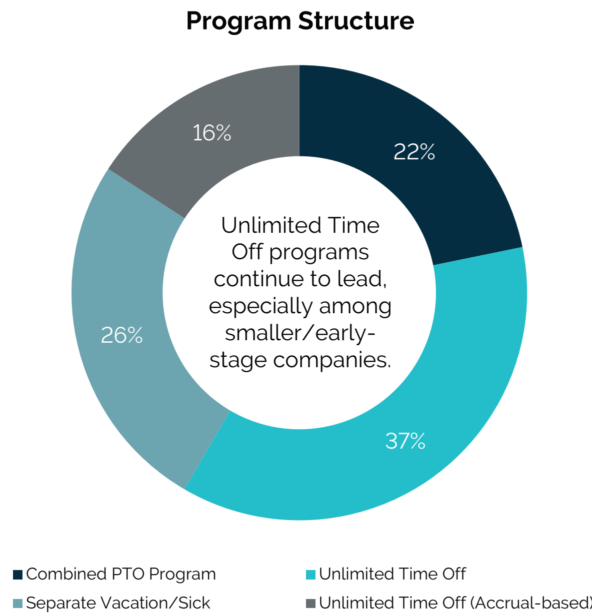
The average duration for leave across all types has remained stable since 2023. Among survey participants from 2023 to 2024, we see a slight shuffling between types of new leave startups and carriers, but internal resources and specialty administrators remain the mainstays, with a 15% increase in companies with less than 250 employees.

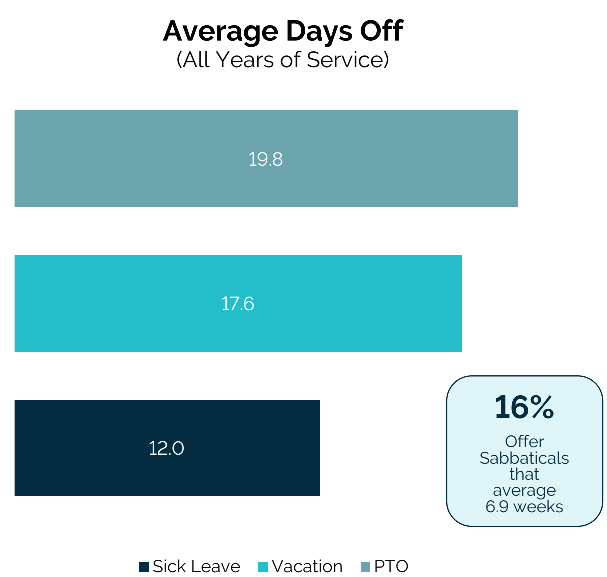




Time Off

As in 2023, over 50% of companies offer unlimited time off. Looking more closely, 37% of companies offer unlimited time off, while 16% offer unlimited PTO paired with accrual-based sick time. Average PTO, vacation and sick time days for new hires have remained relatively constant. 16% of companies offer sabbaticals, with an average duration of 6.9 weeks.





Communications

Priorities

Engaging employees in their benefits continues to be a priority; however, employers appear more focused than ever on connecting employees to the care and services they need. As benefit programs have become more complex and companies use more point solutions, employee engagement remains a challenge and key driver of communication priorities. Recruiting as a key driver continues to decline reflecting the challenging economic environment.

		'24	'23	
	Engaging year-round	**1**	1	
MOVE UP	Helping EEs find info when there's a problem	**2**	4	▲
	Creating high-value content	**3**	2	▼
	Meeting needs of EE demographics	**4**	3	▼
	Recruiting	**5**	4	▼
	Enrollment guidance	**6**	6	
	Compliance notifications	**7**	8	▲
	Communicating global benefits	**8**	7	▼
	Reaching dependents	**9**	9	
	Reaching remote employees	**10**	10	

Delivery

Email and company intranet remain the most common methods of sharing benefits information. While it's no surprise that Print continues to fall to the bottom, it's equally surprising that text messaging has not gained any traction.

Email	1
Company intranet	2
Webinars	3
Benefit-specific online portal	4
Recorded presentation	5
Enrollment system tools	6
Third-party call center/enrollment support	7
New hire/annual enrollment comparison selection tools	8
Carrier-based tools (cost estimators, claim tools, etc.) and mobile apps	9
In-person meetings	10
Collaboration messaging (ie,. Slack)	11
Broker mobile apps	12
Navigation or communications app platform	13
Print	14
Text messaging	15

Stipends or Lifestyle Spending Accounts

Most Offered Subsidies

Despite the current era of financial scrutiny, the number of companies offering stipends and the amounts offered have remained relatively constant . While stipends saw an increase in prevalence through 2022, at this point only a minority of tech companies offer stipends and these do not appear to be increasing in the current environment.

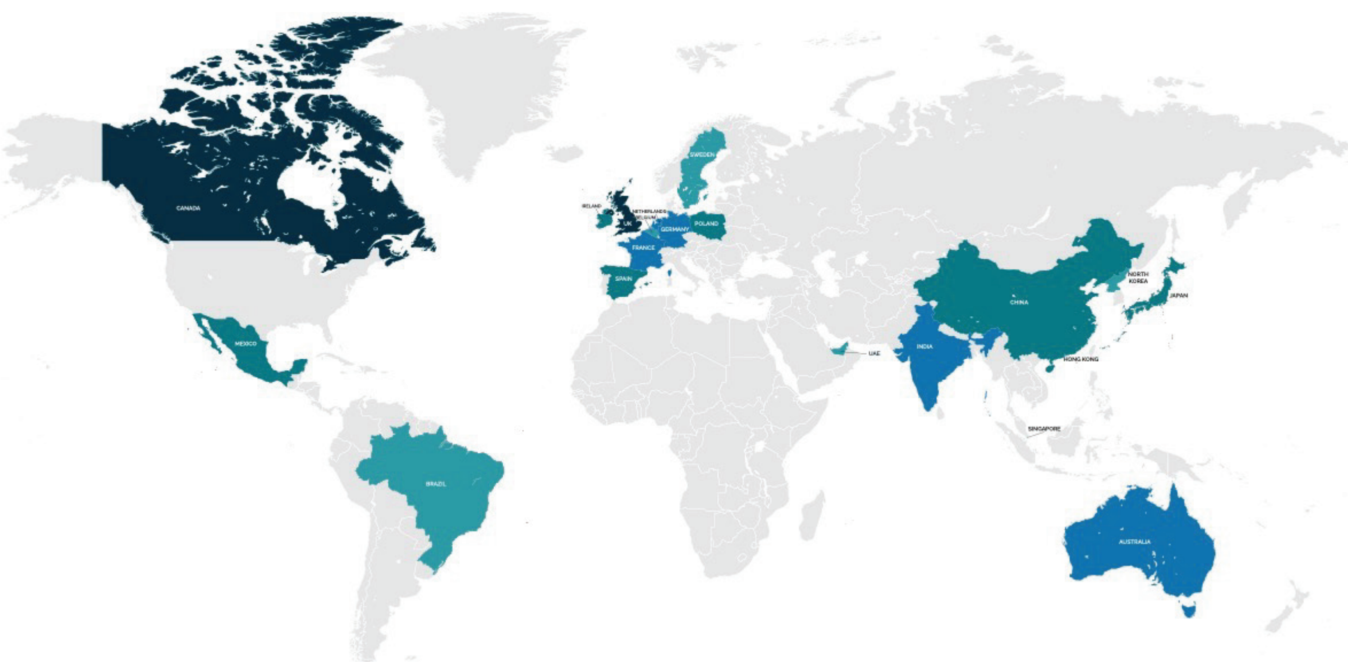
1	Home Office Equipment	31%
2	Fitness / Health / Well-being	23%
3	General Reimbursement	19%

Global Benefits

87% of the participants have exposure to the global market, with employees spread across the indicated countries. Technology companies are becoming multinational at an earlier stage in their development, a critical component of attracting the highest skilled workers. HR teams are increasingly working across multiple regions and are tackling issues related to ensuring consistency in global benefit programs.

Top Countries
(Outide the US)

United Kingdom	75%
Canada	70%
Germany	52%
India	51%
Australia	48%
France	44%
Netherlands	40%
Singapore	39%
Japan	38%
Spain	38%
Mexico	34%
Ireland	32%
Poland	32%
Brazil	29%
Sweden	28%
Republic of Korea	25%
United Arab Emirates (UAE)	24%
Other	24%
Belgium	23%
China	23%

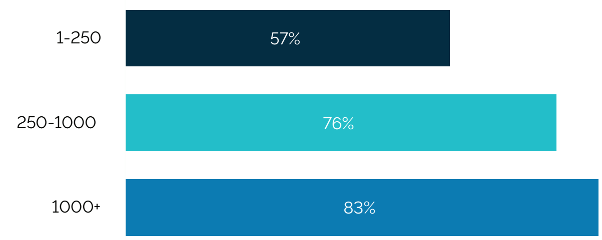


Retirement

Tech companies used to delay 401(k) matches, but now face employee pressure to offer them. Despite tough economic times, more companies are providing matches, and those that don't can expect continued pressure from employees.

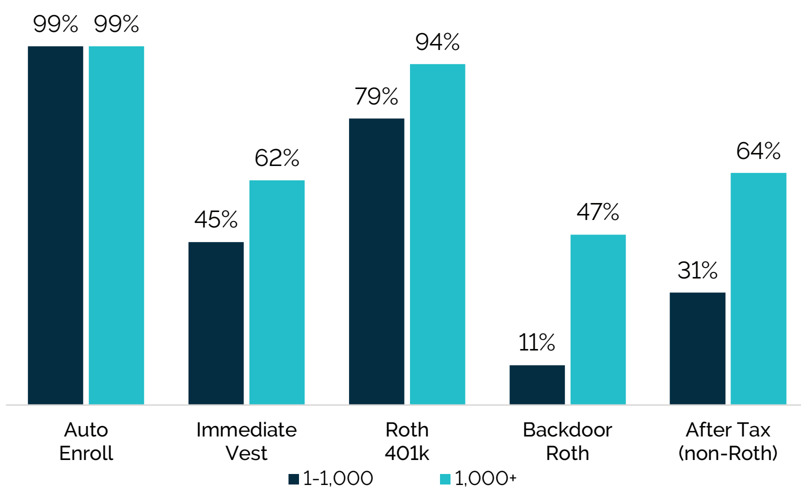
Among our survey participants, the prevalence of an employer 401k match increased across all sizes of tech employers.

Employer 401k Match



Employer 401k match is becoming more common across all sizes of tech employers and has nearly doubled for companieswith 250 or fewer employees.

Retirement Plan Features
(across large and small companies)



Future Trends

What's to come

The emerging trends in tech benefits are influenced by a new emphasis on financial responsibility and governance, while still prioritizing the well-being and inclusivity of individuals through technology and information to provide better access to benefits and services.

Cost Increases & Financial Discipline

2024 inflationary trend predicted at a 10-year high.

- General Utilization
- Provider staffing/wage pressures
- GLP-1s, cell and gene therapies, cancer
- Medicare Rx changes and outcomes-based reimbursement

Value for Programs

Cost increases and business pressures mean that benefits teams will need to justify program spend.

- Point solutions
- Well-being programs
- Evaluate Engagement, Outcomes, Cost

Provider Access & Quality

Patients engaged with Primary Care are healthier and cost 5-10% less, but...

- Medical professional shortages
- Quality is hard to measure, but indications are mixed
- Lack of access and funding

Governance & Compliance

Turbulent legislative environment.

- Chevron Doctrine
- HIPAA Reproductive Health Final Rules
- ACA Pay or Play
- Gag Clause Attestation
- Fiduciary Responsibility / Litigation

Is Creative Agility important to you? It should be.

At Alliant, we celebrate the collective intelligence of our people. We are constantly learning and growing, enabling us to challenge the status quo on how we deliver our products, services, and experiences to our partners. We call this mindset *creative agility*. It means that we are not only striving to find solutions today, but we're already looking ahead to solve tomorrow's challenges.

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