



White Paper: The Future of Voluntary Benefits for Hourly Workers in 2025

Executive Summary

In 2025, voluntary benefits have become a strategic tool for employers looking to attract and retain hourly workers. As the workforce becomes more competitive, companies are recognizing the need to provide flexible, relevant, and accessible benefits to meet the unique needs of hourly employees. The needs of hourly workers often differ from the needs of other employee populations, so meeting their needs becomes imperative.

This white paper explores the current landscape of voluntary benefits for hourly workers, examining key trends, emerging offerings, adoption rates, and strategic considerations for organizations seeking to enhance their employee value proposition in industries heavily reliant on hourly labor.



Introduction

Hourly workers make up a significant portion of the U.S. workforce, particularly in industries such as retail, hospitality, healthcare, and manufacturing. Historically, these employees have had limited access to comprehensive benefits packages, but that is changing rapidly as employers realize the importance of providing voluntary benefits to enhance employee satisfaction, engagement, and retention.

Voluntary benefits, also known as supplemental or employee-selected benefits, allow employees to tailor their benefits packages to their personal circumstances. These offerings are particularly relevant for hourly workers, who often prioritize flexibility and financial security due to variable schedules and fluctuating incomes.

The days of a company just offering basic benefits are long over. Today, benefits are a strategic lever businesses leverage in recruiting and maintaining an engaged and productive workforce. **The biggest challenge – finding benefits that have a positive impact in an employee's life AND are not only highly adopted, but benefits the employees frequently engage with.**

What may have driven this change? It's been five years since the global pandemic arrived, abruptly creating chaos and confusion in nearly every aspect of employees' lives. For many, it was the first time they truly embraced the need for a work/life balance and the role their employer plays in supporting their needs. So as the needs and expectations of employees changed, employers were faced with the opportunity to meet their employees where they were in life, with benefits that made a real impact. It was not just the right thing to do for the employee – it was the right thing to do for the business.

This white paper examines the state of voluntary benefits tailored to hourly workers, highlighting key trends, emerging offerings, and strategic approaches for maximizing impact.

Key Trends in Voluntary Benefits for Hourly Workers

Flexibility and Accessibility For hourly workers

Flexibility and accessibility are critical components of a successful benefits package. Employers are increasingly offering mobile-first solutions, allowing employees to access and manage their benefits easily from their smartphones.

Financial Wellness and Security

Hourly workers are more likely to experience financial instability due to variable schedules and income fluctuations. In response, employers are offering financial wellness programs that provide budgeting tools, financial education, and emergency savings accounts tailored to the needs of hourly employees.

Holistic Well-Being Programs

Holistic well-being programs for hourly workers focus on physical, mental, and financial health. Recognizing the demanding nature of many hourly jobs, employers are expanding access to wellness resources, including telemedicine, mental health support, and fitness incentives.

Voluntary Benefits Include:

- On-demand pay
- Telemedicine
- Mental Health
- Health Savings Account (HSA)
- 401(k) / Retirement Savings
- Pet Insurance
- Tuition Reimbursement
- Transportation and Commuter Benefits

One emerging trend that speaks to the day-to-day needs of hourly workers is on-demand pay, also known as earned wage access, which empowers workers with choice and control over their earned pay. This enables workers to save and make the most of their pay. This benefit is gaining rapid traction, with hourly workers opting for this flexibility it provides. Flexibility is a key driver of employee engagement for hourly workers, who often juggle multiple jobs or caregiving responsibilities.

Strategic Considerations for Employers

1

Understanding the Unique Needs of Hourly Workers

Employers must understand the unique needs and challenges of hourly workers, including income variability, unpredictable schedules, and diverse life circumstances. Conducting regular surveys and focus groups can provide valuable insights for designing relevant benefits packages.

2

Mobile-First Communication and Enrollment

To maximize engagement, employers should leverage mobile-first communication strategies and digital platforms that allow hourly workers to easily access and manage their benefits on the go.

3

Aligning Benefits With Recruitment and Retention Goals

Voluntary benefits play a critical role in attracting and retaining hourly workers in competitive labor markets. Employers should strategically align their benefits offerings with recruitment and retention goals to maintain a competitive edge.

4

Cost and ROI Evaluation

Employers should evaluate the cost and return on investment (ROI) of voluntary benefits tailored to hourly workers. Collaborating with benefits providers can help optimize cost-effective solutions.



Benefits With Benefits

A [strong benefits package](#) helps attract and retain top talent. When employees feel valued through benefits, they are more likely to stay with the company, reducing turnover costs. Benefits can also boost employee morale and make employees feel more engaged in their work, leading to higher productivity.

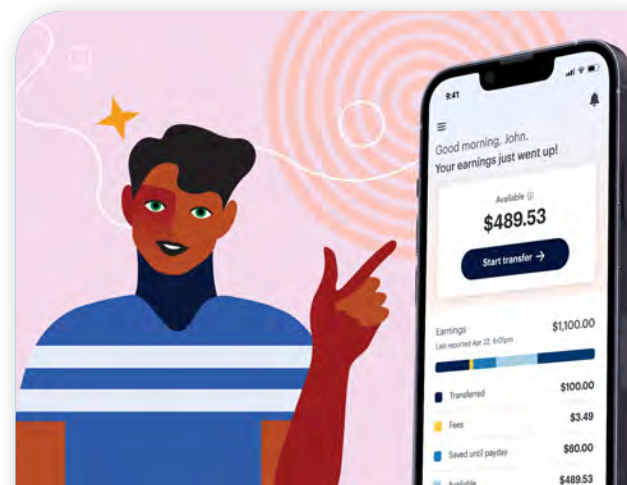
According to [Indeed](#), employee benefits increase the value of working for a certain company and can improve your or your team members' health and quality of life. When applying for jobs, candidates look at the benefits each organization offers and take those into consideration along with salary when deciding where they want to work. In a [Glassdoor survey](#), 80% of employees prefer additional benefits over a pay increase.



Engagement Is the Key Indicator of a Valuable Benefit

In this paper, we explore the benefit that is driving one of the most important indicators of employee value: engagement.

When it comes to engagement, most benefits are more in line with “set it and forget it.” While health benefits and 401(k)s are critical for an employee’s wellbeing, they generally don’t play an impactful role in an employee’s day-to-day life. For example, most people check their healthcare benefits once a year, typically during their open enrollment period when they can make changes to their plan. Along the same lines, most financial experts recommend checking your 401(k) balance at least once a year. But there is one ascending benefit, DailyPay, that not only has a high adoption rate, but also has a high engagement rate.



A recent survey of employers who offer DailyPay, a worktech platform and an industry-leading on-demand pay solution, clearly demonstrates the day-to-day-relevance the benefit has on the lives of workers. DailyPay ranked as the top adopted employee benefit only behind healthcare benefits. And internal data shows that **employees commonly engage with DailyPay every single day**, as employees typically check their available balance after each shift to see the money they’ve just earned and how much is available to them at that moment.

On-Demand Pay – Why Now?

So why has DailyPay's on-demand pay solution become so important in the lives of working Americans?

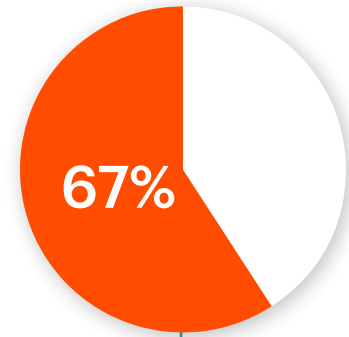
High inflation and an uncertain economy are proving quite a challenge for the American worker to make ends meet. According to The Price of Time: When Consumers Opt for Convenience report in [PYMNTS](#), a majority (67%) of working Americans say they live paycheck to paycheck. And the majority (59%) of Americans in 2025 don't have enough savings to cover an unexpected \$1,000 emergency expense, notes a recent [report](#) by CBS News.

And this is driving rampant employee financial stress that is detrimental to not just the employee, but the employer as well.

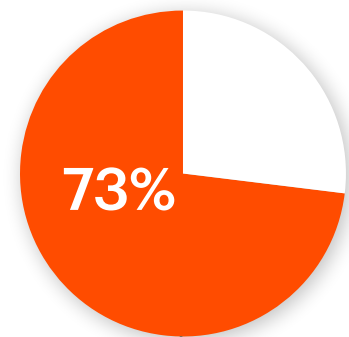
PwC's 2023 Employee Financial Wellness Survey shows that [60%](#) of full-time employees are stressed about their finances including nearly half (47%) of employees earning \$100,000 or more per year. When employees are [financially stressed](#), they often experience decreased productivity, call in sick more frequently, are less productive, and even develop potential mental and physical issues which can negatively impact their overall performance at work. This leads to higher turnover rates for the company.

Recent studies from Gallup have unveiled a shocking truth: the [global cost](#) of disengaged employees has skyrocketed to an eye-watering \$8.8 trillion annually.

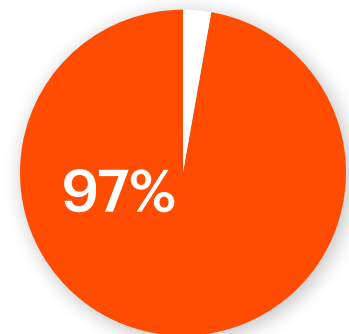
It's not surprising that 73% of financially stressed employees say they are more likely to be attracted to a company that cares more about their financial wellbeing. And that is where DailyPay comes into play. Because **employees adopt DailyPay more than 401(k)s, flexible schedules, HSA/FSA accounts, life insurance, wellness programs and educational assistance, it has become a cornerstone of companies' financial wellness offering.** In fact, nearly all of those polled (97%) in the recent survey of employers who offer DailyPay say DailyPay is an important financial wellness benefit that they offer to their employees.



Americans living paycheck to paycheck



Employees that are attracted to a company that cares more about their financial well-being



Employers that say DailyPay is an important financial wellness benefit that they offer to their employees

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The Impact Is Real

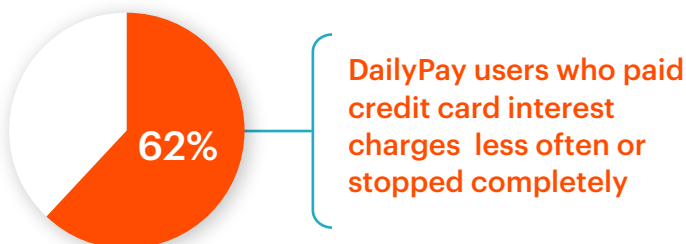
Research from a 2023 study from Arizent, commissioned by [DailyPay](#), demonstrates the positive impact on-demand pay can have on employees' finances. The survey was conducted among more than 10,000 DailyPay users in an effort to gauge the impact the financial wellness benefit is having on employees' lives.

- 80% of DailyPay users say DailyPay has a positive influence on their financial habits.
- 69% of users who previously paid late fees do this less often or stopped completely since they started using DailyPay.
- 62% of users who previously incurred credit card interest charges do this less often or stopped completely since they started using DailyPay.

But with tight budgets, most companies are prioritizing operational efficiency and have limited resources when it comes to benefits spending. However, most highly-adopted benefits come with an expensive price tag. In 2023, [employers](#) contributed an average of 83% of the premium for individual coverage and 71% for family plans. [PeopleKeep](#) estimates that investment from employers comes to on average \$7,034 per year for individual health insurance and \$17,393 for family coverage. (Health insurance costs vary widely and depend on several factors).

In addition, the [average 401\(k\)](#) employer match in 2025 was around 4% to 6% of salary. Overall, benefits can cost upwards up 25% to 40% of one's salary.

DailyPay has no fee for the employer yet sees employee adoption rates up to 60%, exceeding 401(k)s and healthcare benefits, according to recent research.



Conclusion

In 2025, voluntary benefits have become essential for companies employing hourly workers. By embracing flexibility, financial security, holistic well-being, and career development, employers can create benefits packages that meet the unique needs of hourly employees while enhancing organizational performance.

Staying attuned to the preferences and challenges of hourly workers will be crucial for maintaining a competitive edge in the evolving talent landscape. As voluntary benefits continue to grow in importance, they will play an increasingly strategic role in attracting, retaining, and engaging top hourly talent.

This white paper provides insights for employers looking to design effective voluntary benefits programs for hourly workers, helping them build a more engaged, satisfied, and productive workforce.

In particular, financial flexibility is growing in importance fast. Why? Inflation is stubbornly high. Groceries are more expensive. Housing costs are more costly. Millions of hard-working Americans are challenged to do more with less. Employers have the opportunity to step up and offer benefits that make a true day-to-day impact in the lives of their employees. DailyPay is the app workers check first thing in the morning and last thing at night after a shift. It provides workers visibility into what they earn, access to their earned pay when they want it, the ability to save and make the most of their pay, and can help them break living in the paycheck-to-paycheck cycle. Leading employers leverage DailyPay to create workplaces where hard work pays off, giving them a competitive advantage in recruiting and retaining workers, and increasing worker productivity. And best of all – at no cost to them.

