



MIND THE GAP SME

Employee benefits survey
2024/2025



Introduction

When we saw the results for our 2024 Mind The Gap Survey, we immediately recognised the need for an SME-focused edition - one that highlights some impactful statistics for the 5 million* small businesses currently operating in the UK.

Over the past 12 months, the provision of employee benefits has seen growth within SMEs. In 2023, 28% of SME employers did not offer any benefits; in 2024 this figure has reduced to 22% - it's a positive step forward.

However, when comparing these findings to our broader research, we uncovered some concerning trends related to low engagement. Despite the increase in provision, employee disengagement has risen, accompanied by a noticeable decline in overall satisfaction with benefits.

One of the contributing factors is communications; a significant 61% of SMEs fail to provide regular communications about employee benefits.

*Gov.uk, 2024

Employees cannot engage with benefits they are unaware of and for small businesses facing tight budgets, this potentially indicates wasted spend and missed opportunity.

Beyond the communication gap, our survey shows that little has changed since 2023 in addressing the mismatch between employee needs and benefit provision. This gap remains significant, and there is still much progress to be made – for businesses of all sizes.

We hope you find it useful for your benefits planning in 2025 and beyond. If you'd like to chat through your benefits provision and how we can optimise your offering while managing rising costs - we'd love to help.

A stylized, handwritten signature of the name 'Chris' in a grey, cursive font.

Chris Tamplin

Head of SME Consulting
PIB Employee Benefits

Part 1

PROVISION



What support are employees getting from their employers?

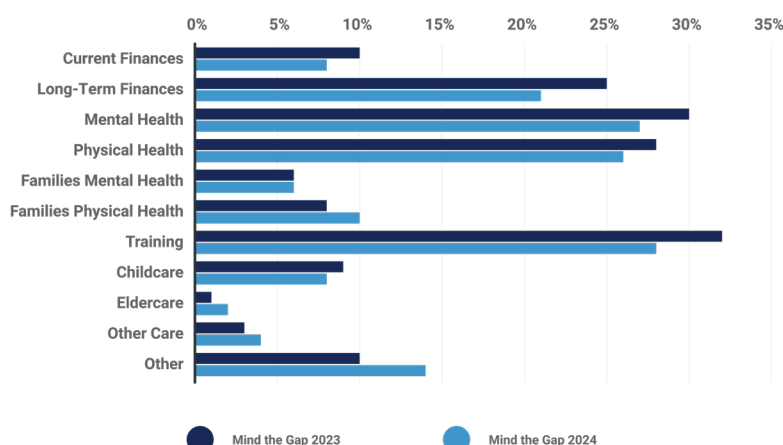
We have continued to see significant gaps between employee needs and the benefits provided by employers. Our 2024 survey revealed that most areas of support offered by employers have decreased over the past year. However, overall, there is a positive shift: the percentage of employees receiving no benefits at all has decreased, from 28% last year to 22% this year.

Our research suggests that employees are receiving the highest levels of support around training, mental and physical wellbeing:

- > 28% of employees have support with training, which is the highest percentage of support provided by SMEs (same as 2023)
- > 27% of employees get support for their mental health (vs 30% in 2023)
- > 26% of employees have support for their physical health (vs 28% in 2023)

We have seen that support provided by SMEs is significantly lower than average across all factors.

What benefits do employees receive?



Personal Finances: A Continued Crisis

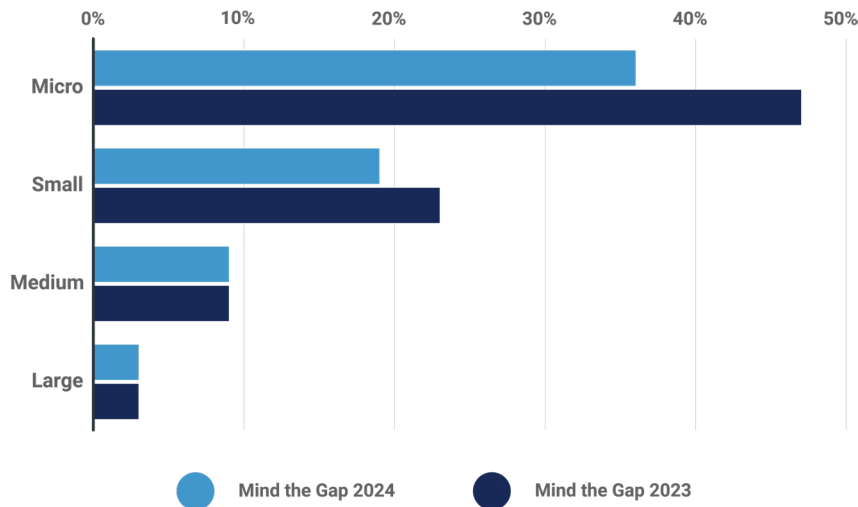
There is still a significant gap between employees wanting more support for their personal finances (27%) and SMEs who provide support (8%).

This was reflected in our 2023 survey with only 10% of SMEs providing support vs nearly a third of employees wanting support from their employer.

The SME gap: Benefits Provision

Consistent with 2023, our 2024 research continues to show a disparity in benefits provision by organisation size; smaller businesses are less likely to invest in employee benefits:

Companies with no employee benefits provision, by size (%)



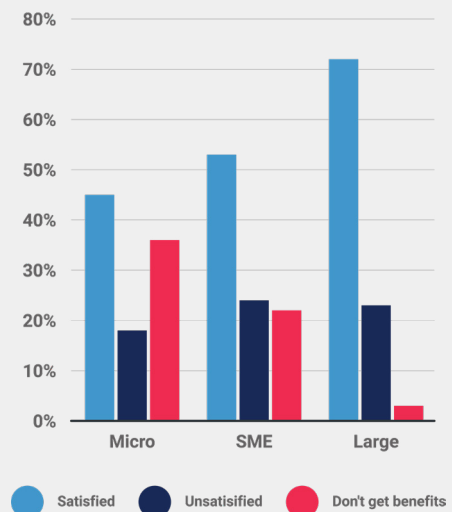
Note: Micro businesses are defined as <10 employees, small are 10-49 employees, medium are 50-249 employees and large are 250+

Employee satisfaction with their benefits varies significantly by company size

Employees working for SMEs are less likely to be satisfied with the employee benefits they receive.

They are also less likely to have flexibility over the benefits they have; only 8% of employees working for an SME can pick and choose their benefits, whereas 24% of employees at large businesses can already do so.

Employees at smaller companies are also less confident about their ability to retire.



Where do employees need more support?

Our survey continues to highlight significant gaps between employee needs and benefits provision:



33% would like more support with their physical health



27% would like more support with their current finances



25% would like more support with their mental health

Across all company sizes, employee needs vary by demographic - across five key factors (personal finances, work/life balance, mental health, childcare, and eldercare) a higher proportion of women respondents reported they were struggling to manage.

It's important that SMEs acknowledge the gender gap and the interconnected nature of issues such as work/life balance and caring commitments. Introducing voluntary benefits is a good way of aligning provision to employee needs whilst balancing tight budgets – employees can choose the benefits they select at little to no cost to the employer.

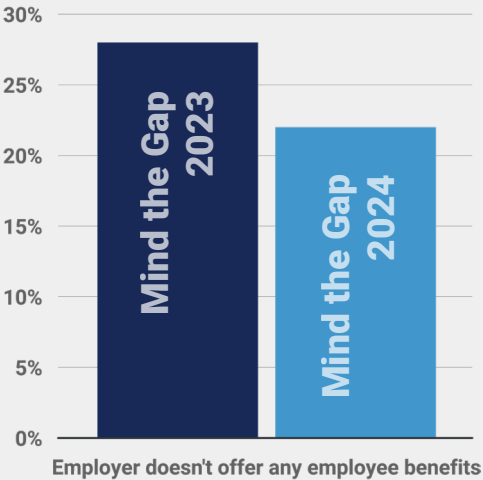
22%

of SMEs do not provide any employee benefits

Although this is a significant decrease from 2023 (when the figure was 28%), we are still seeing that employees feel under-supported by their employer.

It poses two questions; is the support adequate and is it being communicated effectively?

Provision from SMEs is still significantly lower than average across key crisis areas - everyday finances, mental health, and childcare.



Low-cost ways SMEs can provide support

Squeezed budgets can make it hard to balance the increasing demands of employees. So how can companies provide much-needed support whilst not breaking their budget?

Incorporating value added services

Insured benefits typically come with value-added extras included, free of charge. A diverse array of solutions are available depending on supplier, and can include; employee assistance programs, second opinion services, mental health apps, financial education, and virtual dentists. Leveraging these services enhances the value of existing benefits while providing extra support to employees.

Boosting benefits engagement

Employees can't engage with benefits they aren't aware of. Using benefits technology to communicate and transact benefits can help boost benefits engagement. Implementing Total Reward Statements (TRS) can help showcase the full compensation package to an employee, and reaffirm the investment your business is making.

Diverse Support

Offering a comprehensive range of paid-for benefits can be challenging and costly. Employee needs are inherently individual, and often require a diverse array of benefit options in order to cater to the whole employee population. Using voluntary benefits - paid by employees through payroll or direct-to-provider - enables more options while balancing cost constraints.

Preventative approach to wellbeing

A focus on prevention could reduce future medical claims, absenteeism, and boost productivity. SMEs should look to expand wellbeing strategies to provide holistic support, including financial health and social wellbeing. It's worth undertaking a gap analysis to ensure you're not inadvertently paying for benefits that are included as value-added services.

A significant 69% of employees working for SMEs would like to have more flexibility over their benefits – allowing them to pick and choose the benefits they receive



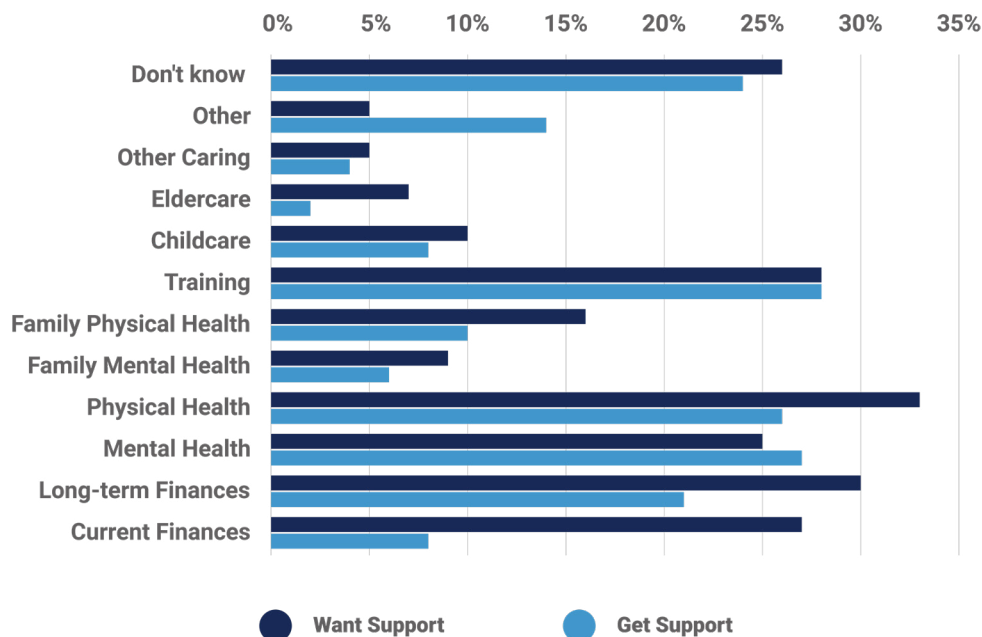
The gap between employee needs and provision

There are a few stand-out areas where support is broadly given but employees would like additional support from their employer:

Long-term and current finances: Less than a quarter of SMEs provide adequate support with long-term finances (21%) and yet our survey found that 30% of employees would like more support. Everyday finances has the largest gap, with just 8% of SMEs providing support and 27% of employees needing more from their employer.

Physical health: 33% of employees would like more support to manage their physical health, with 28% so concerned about their physical health to the extent that it negatively impacts their performance at work.

Mental health: A quarter of employees (25%) responded they wanted more support with their mental health, with 20% of employees reporting that they are currently struggling to manage their mental health. Although provision for mental wellbeing is well established, there is a clear need for employers to invest in supporting their employees' mental health, above and beyond any existing provision.



SMEs continue to face the challenge of navigating tight budgets with increasing employee expectations. Our Mind the Gap survey has highlighted the importance of aligning employee benefits to varying employee needs to avoid wasted spend. While provision from SMEs has increased, it's crucial that companies make sure that it's adequate and aligned.

*Chris*

Chris Tamplin
Head of SME

Part 2

IMPACT



Where are employers providing support?

Consistent with our 2023 survey, there continues a higher prevalence of 'traditional' benefits over newer-to-market solutions. There have been very minimal changes in provision over the last 12 months, but our survey shows that SMEs fall short across all areas vs the average:

Average:

1. Employee's mental health (44%)
2. Employees' physical health (39%)
3. Training (36%)
4. Long-term finances (34%)
5. Family physical health (18%)
6. Childcare commitments (14%)
7. Family mental health (14%)
8. Current finances (13%)
9. Other caring commitments (5%)
10. Eldercare commitments (4%)

SME:

1. Employee's mental health (27%)
2. Employees' physical health (26%)
3. Training (28%)
4. Long-term finances (21%)
5. Family physical health (10%)
6. Childcare commitments (8%)
7. Family mental health (6%)
8. Current finances (8%)
9. Other caring commitments (4%)
10. Eldercare commitments (2%)



Over the past 12 months provision from SMEs has increased which is a positive step forward but with 22% of employees still not receiving any benefits there is still more that can be done. Less than a third of employees receive support with their mental and physical health which can have wider impacts for the business in terms of absence and productivity.

Chris Saunders

Deputy Head of SME

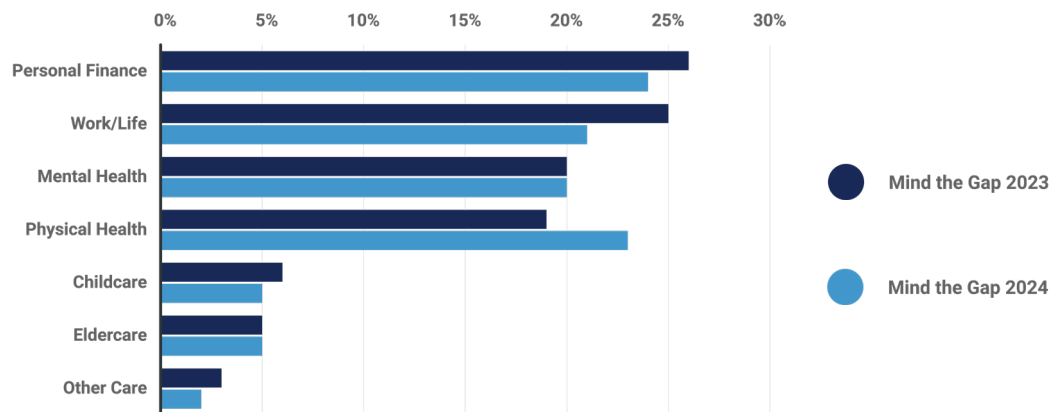


What are employees struggling to manage?

When asked about the areas employees are currently struggling to manage, work/life balance (21%), personal finances (24%) and physical health (23%) scored highest – although with a slight reduction from 2023.

Positively, our research also showed that struggles with work/life balance are reduced when working for an SME – this remains true year on year, with mental health ranking outside of the top three struggles for employees.

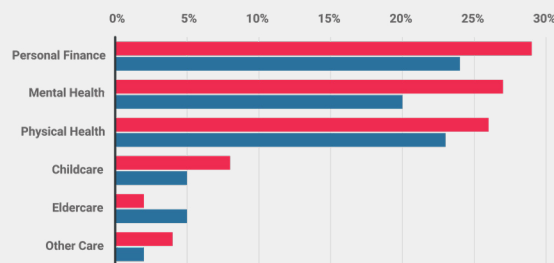
What are employees struggling to manage?



Where are the gaps?

Our research shows that there remains a strong demand for employer support; with a quarter (24%) of employees still unsatisfied with their benefits, this could suggest the support isn't adequate or doesn't target individual issues sufficiently. The importance of aligning benefits with your employees' needs is crucial to avoid wasted spend. For example, if you have a young workforce, it might be less useful to offer eldercare services.

Provision vs Support



Spotlight on: Everyday Finances

Last years survey saw the impact of high living costs reflected in the experience of respondents.

In 2024, SMEs experienced a decline in the demand for financial support, as well as a reduction in the impact that personal finances have on workplace productivity. However, nearly a third of employees still report they are negatively impacted by concerns about their financial wellbeing.

30%

of employees

worry about their personal finances to the extent it negatively impacts their performance at work

Case Study: glo Save

Company A

As a longstanding client of PIB Employee Benefits, we spoke with the client around wider wellbeing, highlighting that 32% of employees in their industry want more support with their current financial wellbeing (taken from our Mind the Gap survey with YouGov). To support this, we provided them with glo Save, ensuring employees had better access to and understanding of benefits.

By streamlining communication and enhancing accessibility, we helped employees make more informed decisions about their benefits, improving overall satisfaction and uptake.

Company T

Worried about rising costs and employee wellbeing, we helped Company T implement Salary Sacrifice enrolling their 227 employees. This saved the company £39,288 per year in National Insurance which offered balanced employee financial wellbeing and reduced cost pressure. Company T chose to re-invest this saving into other wellbeing initiatives for their employees meaning that the benefit for employees was wider than financially.

Spotlight on: Pensions and long-term financial wellbeing

Only 5% of SME employees are confident that they will retire with 'plentiful' for their retirement needs.

There continues to be a need for employers to support employees with understanding their pension and likely outcomes – and ensure they are saving enough to meet their desired retirement requirements. It can negatively impact succession planning and talent attraction.

61%

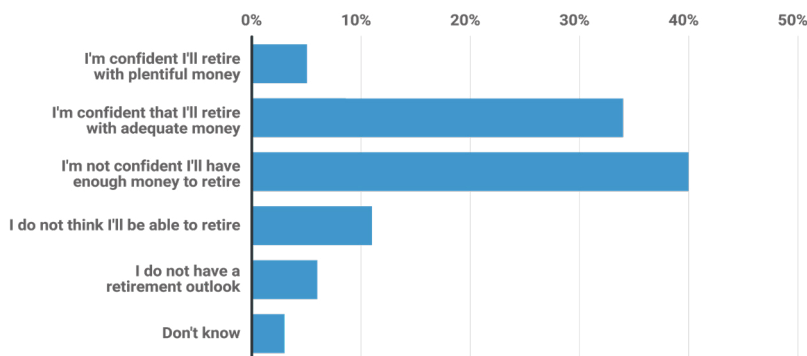
of employees

do not think they will have enough money for retirement

In terms of retirement confidence:

- > Only 39% of employees are confident that they will retire with enough money which has increased by 2% from 2023
- > The amount of support provided by SMEs for long-term finances has decreased from 25% last year to 21% in 2024. Close to a third (30%) of employees would like more support in this area

Retirement Outlook for SMEs



Encouraging Pension Engagement:

It can be challenging to engage employees with their pensions, especially during tough economic times where the high cost-of-living is forcing many people to prioritise their current spending over future saving.

Some ways to improve engagement include - simplifying jargon, leveraging technology, providing regular communications, and offering financial education sessions.

Spotlight on: Mental Wellbeing

20% of employees reported that they are currently struggling to manage their mental health. As of 2024 SMEs are providing less support for mental wellbeing; we've seen a three-percentage-point decrease in the last 12 months (30% in 2023 and 27% in 2024).

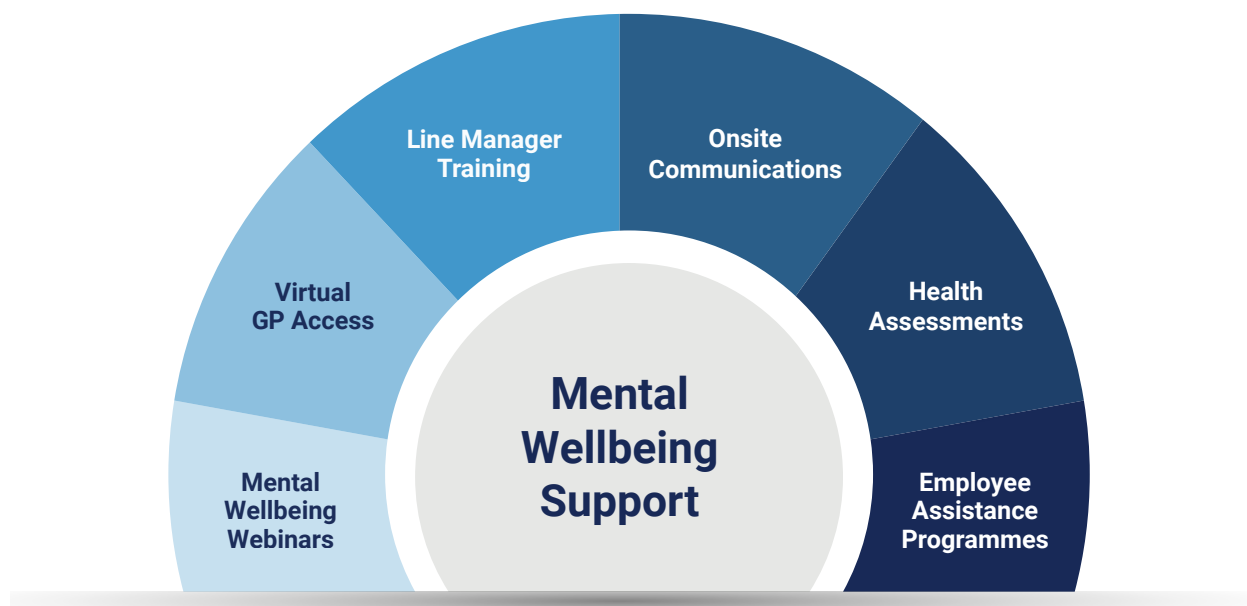
Unsurprisingly, with the reduction in support, more employees than last year have reported that worries about their mental health impacts their workplace productivity.

Employers need to ensure they are providing targeted support, communicating effectively and have a workplace culture that facilitates access.

25%
of employees
would like more
support with their
mental health

How can SMEs ensure support is accessible at point-of-need?

There are various areas where employers need to ensure appropriate support is easily available to their employees when needed.



How are employees accessing their benefits?

58%
of employees

working in SMEs
do not access any
information about
their employee
benefits

Our 2024 survey shows a significant increase in employees not engaging with their benefits, up from 48% in 2023.

This is particularly concerning, especially when coupled with the insight from our 2024 Wellbeing Revolution report which showed that 28% of businesses use benefit utilisation data to drive strategic decisions. If utilisation is low or skewed, companies may not be investing in the benefits support that employees actually need.

We have seen an increase in provision from SMEs from 72% providing benefits in 2023 to 78% in 2024 – but paired with a significant increase in disengagement this is likely to result in wasted investment.



6% access via
an app



16% access via an
external website



15% access via an
internal website



7% access via a
benefits booklet

Our five top tips for engaging communications:

1. Comms don't have to be corporate; use a conversational tone and simplify jargon to catch employees' attention and boost understanding
2. Take a multi-channel approach to communications to increase visibility and reaffirm messaging
3. Weave benefit communications into wider employee communication efforts, rather than solely as stand-alone messages
4. Theme benefits messages around key events or awareness days, such as World Mental Health Day or Black Friday
5. Target specific groups with messaging pertinent to their demographic or known life events

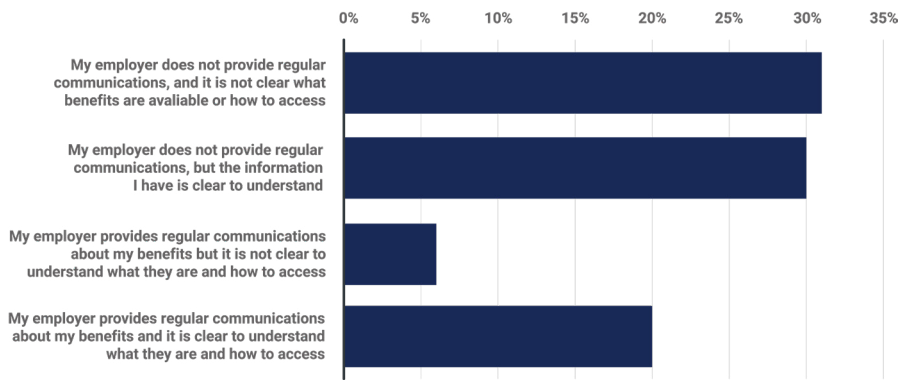
How are companies communicating with employees?

New in our survey for 2024, we asked employees about the frequency of benefits communications and whether the information they receive is clear to understand.

26% of employees receive regular communications and 61% receive infrequent communication. Worryingly, 13% of employees responded that they didn't know if they receive communications about their employee benefits.

37%
of employees

do not find benefits information understandable or accessible



Employees can't engage with benefits they don't know about. Consistent communication can be the key to improved engagement from employees. Increasing the frequency of communications and making them accessible feels like a logical first step.

Tarang McKenzie
Head of Technology
PIB Employee Benefits



Part 3

ACTION



How do benefits impact employee productivity?

As with 2023, we asked employees if they ever worried about key challenges to the extent that it negatively impacts their work performance, the results showed an increase from 2023 but the four main 'crisis point' areas continue to be:



32% worry about their mental health



36% worry about their long-term finances



30% worry about their current finances



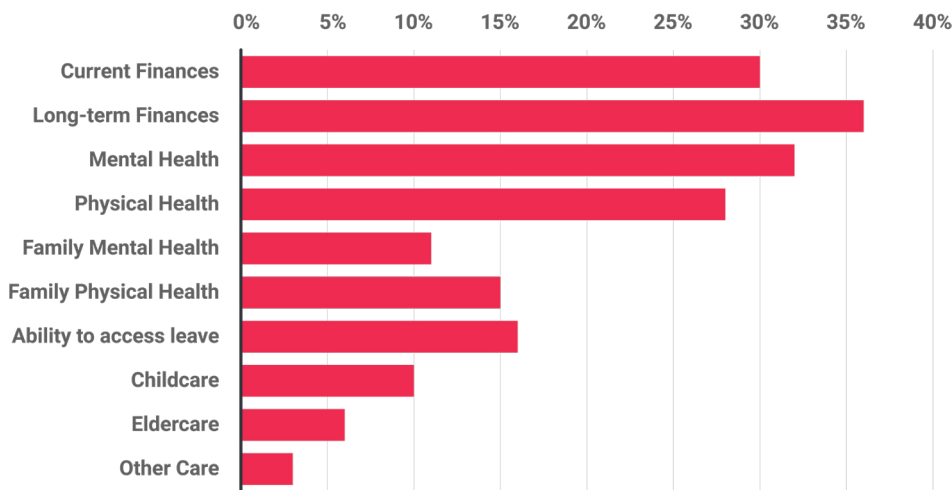
28% worry about their physical health



Intervention or prevention?

Employee benefits can provide both interventive and preventative support for employees, but it is critical that these routes are clearly signposted. Companies should prioritise line manager engagement; they are often the first line of defence when it comes to employee ill-being.

What are employees worried about?



How do benefits impact talent retention?

47%

of employees

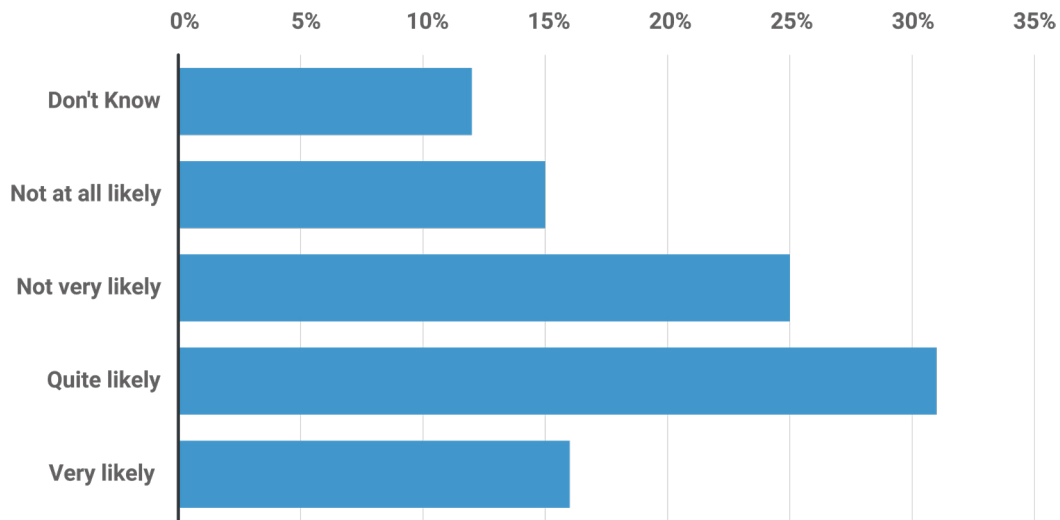
would leave their current
role for better benefits
elsewhere

We have seen a small reduction in the percentage of employees who would leave roles for better benefits; in 2023 the figure was 52%.

In 2024 this percentage decreased to 47% which is lower than the average of 49% - suggesting benefit packages have a slightly lower influence on the career decisions of SME employees.

We believe the response to this question may have been somewhat influenced by political uncertainty, as our survey was conducted shortly after the 2024 General Election in the UK.

How likely would employees be to switch roles for better benefits?



How can companies boost benefits satisfaction?

1. Align benefits to employee needs, using data to drive strategic decisions
2. Reaffirm value via Total Reward Statements and frequent communications
3. Use benefits technology to create a smooth user-experience and improve accessibility



How can businesses provide better benefits?

69%

of employees

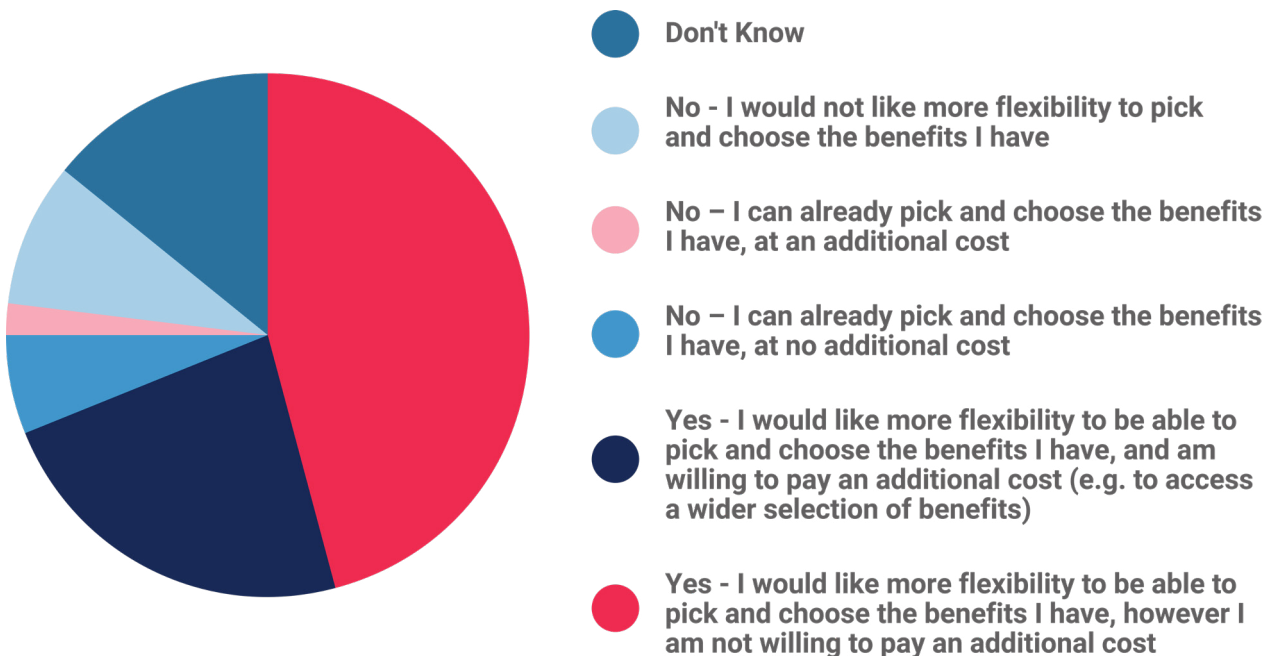
would like more flexibility
over the benefits they have

We asked employees on their preference around employee benefits choices – and saw a one-percentage-point increase in employees wanting more flexibility and control.

However, 9% of employees said they have no preference – down from 19% in 2023

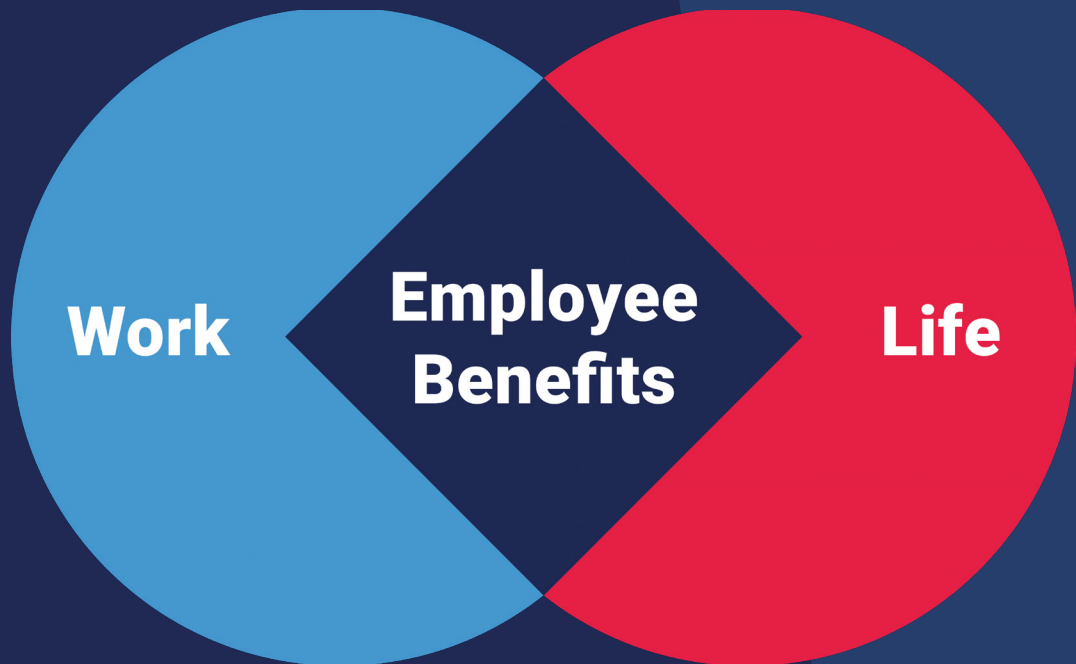
Voluntary and flexible benefits solutions offer an attractive way for employers looking to provide more choice whilst balancing their budgets.

Would employees prefer more autonomy and flexibility over their benefits?



A new way of thinking about employee benefits

We believe that employee benefits sit at the intersection between personal lives and working lives. The best employee benefits empower employees to lead happier and healthier lives – ultimately enabling them to bring their most productive selves to work. It's up to employers to bring this to life.



A Litmus Test For Benefits

- > Do your employee benefits exclusively impact your employees' work lives?
- > Are you only addressing one or two pillars of wellbeing? (Financial, social, mental and physical)
- > Do your employees have limited benefit choices?
- > Is there a lack of understanding and engagement with the benefits you offer?

If you answered 'yes' to more than two of the above, it might be worth reviewing your benefits strategy to ensure it meets employee needs and expectations.

We hope you've found this report valuable as you consider the benefits strategy for your small business.

Although SMEs face many of the same challenges as larger organisations, the landscape is inevitably different. Employee needs and macro trends may be similar, but budgets and resource can be constrained. Smaller businesses often need to be selective in their approach and smart in their delivery.

Are your benefits future-ready?

Whether you want better employee insights, increased benefits engagement, or to expand available support – we can help. Drop us a note at contact@pib-eb.com and we'll be in touch.

Chris

Chris Tamplin

Head of SME Consulting
PIB Employee Benefits

Get in touch

For more information on the points raised, contact one of our employee benefits specialists.

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