



MIND THE GAP SME

Employee benefits survey

2025



Introduction

I'm excited to bring you the latest insights into SMEs and employee benefits in our 2025 Mind the Gap Survey. This edition highlights how smaller businesses are continuing to adapt, with employee engagement improving and benefit provision expanding.

Amid growing financial, mental and physical pressures, we're seeing the positive impact of targeted support; a good example of this is investment in provision for physical health since 2023. As support increased the demand for support in this area has fallen, showing that investment in the right benefits truly make a difference.

It's also clear that benefits play a vital role in attracting and retaining talent, with 77% of employees saying they consider them an important factor when deciding on a new role.

We hope this year's findings help you reflect on your approach, identify opportunities to strengthen support for your people, and continue to build meaningful benefit strategies in 2026 and beyond.

If you'd like to chat through any of the issues in the report, or are evaluating your approach to benefits – my team would love to help. Drop us a note at enquiries@pib-eb.com

Chris

Chris Tamplin

Head of SME Consulting
PIB Employee Benefits

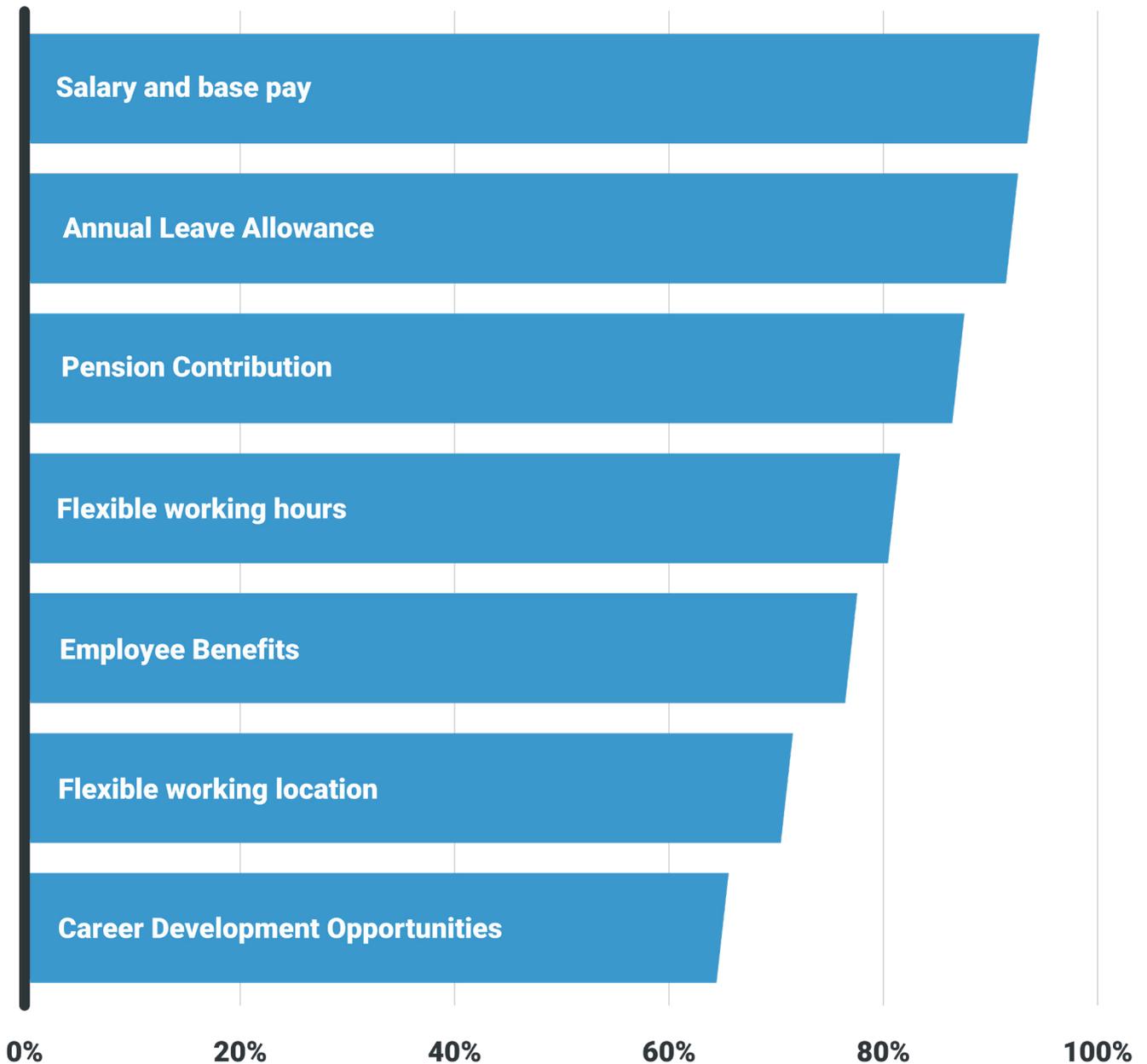
Part 1

PROVISION



How important are employee benefits to employees?

Every day we see the impact that good employee benefits can have on companies and their employees. But how do employees perceive benefits? We asked respondents to rank the following factors between 'very important' and 'not at all important'. The data below is the proportion of respondents at SME businesses who ranked each element as 'important' to them.



What support are employees getting from their employers?

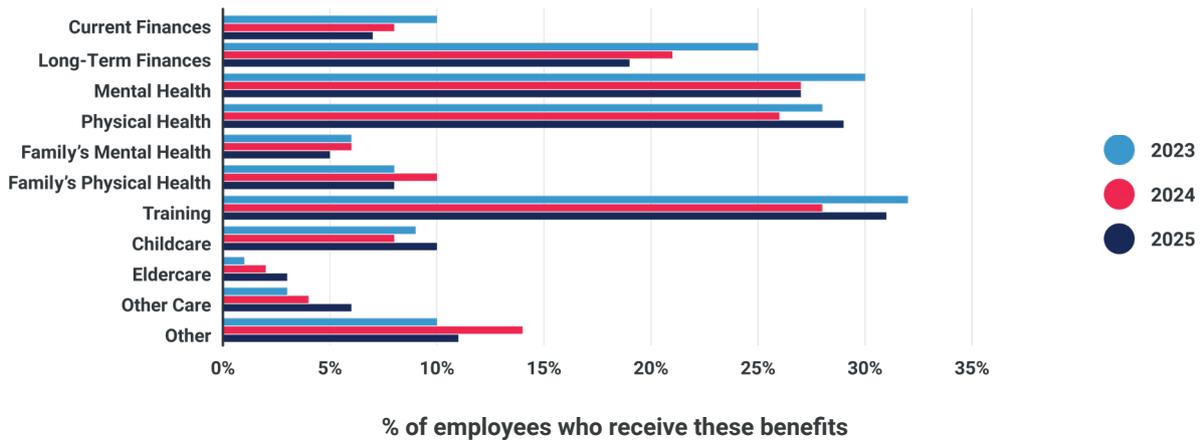
We continue to see significant gaps between employee needs and the benefits provided by employers. Our 2025 survey shows that support offered by employers is wavering, with some areas increasing (e.g. eldercare) and other areas stagnating or declining.

In 2024 we saw a positive shift: the percentage of employees receiving no benefits had decreased, from 28% in 2023 to 22%. This year the figure sits at 24%; there is a clear competitive advantage for SME businesses implementing benefits for their employees.

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

- ✓ 31% of employees have support with training, which is the highest percentage of support provided by SMEs (same as 2024)
- ✓ 27% of employees get support for their mental health (same as 2024)
- ✓ 29% of employees have support for their physical health (vs 26% in 2024)

We have seen that support provided by SMEs remains inconsistent across all areas:

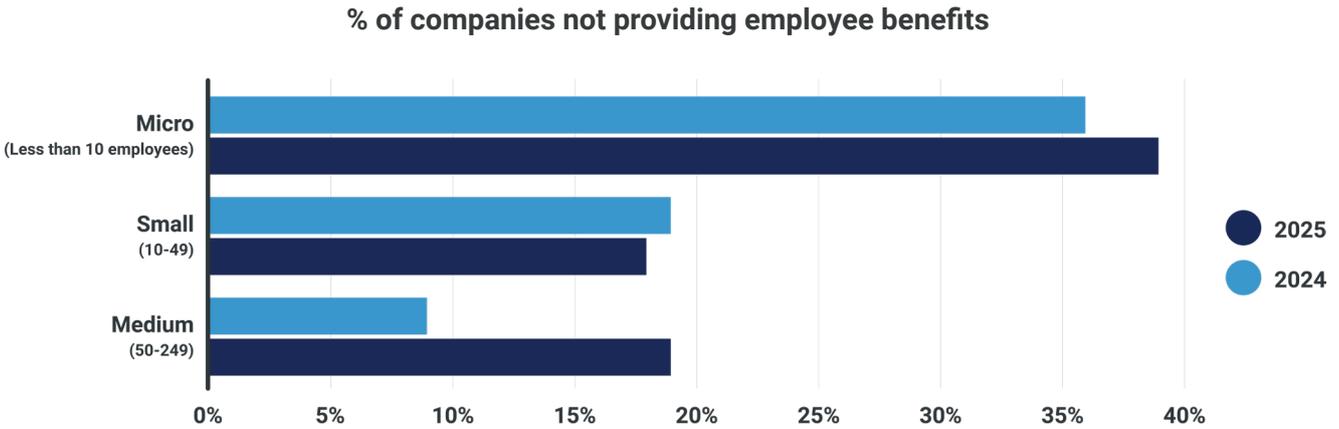


Personal Finance Support Remains A Missing Piece:

We are seeing a significant gap between financial wellbeing support and employee demand; nearly a third of SME employees want more support with their personal finances but only 7% of SMEs provide support. In a high-cost landscape, this is a disparity that employers should look to proactively address.

The SME gap: Benefits Provision

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



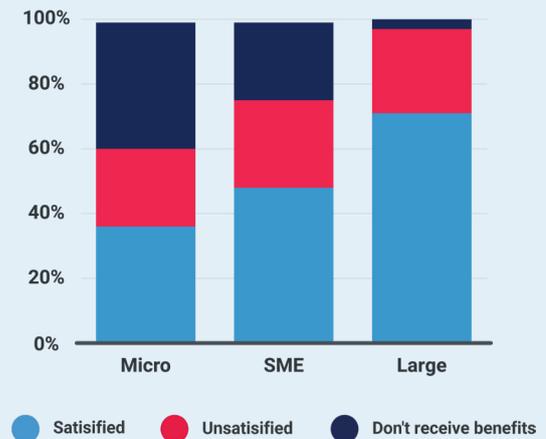
“We are seeing a significant gap between financial wellbeing support and employee demand; nearly a third of SME employees want more support with their personal finances but only 7% of SMEs provide support. In a high-cost landscape, this is a disparity that employers should look to proactively address.”

Chris Tamplin, Head of SME Consulting

Employee satisfaction with their benefits continues to vary by company size

In 2024 our research found that employees working for SMEs are less likely to be satisfied with the employee benefits they receive.

The results remain consistent this year; 71% of employees at large corporation are satisfied vs 48% of those at SMEs.



Where do employees need more support?

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



29% would like more support with their physical health



24% would like more support with their mental health



33% of employees would like more support with their long-term finances



30% would like more support with their current finances

In 2025, employee demands for support have shifted from physical health to financial wellbeing, reflecting the growing concern around financial security. Demand for physical health support has fallen from 33% to 29%, while employer provision has risen from 26% in 2024 to 29% in 2025, showing how improved access can reduce demand.

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 everyday discounts and 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.

24%

of SMEs do not provide any employee benefits

Our research shows that employee benefits can influence talent retention and productivity; there is a missed opportunity for the thousands of SMEs who are not providing benefits to their employees. Employee expectations are also growing as they face significant pressures, such as everyday finances, mental health and childcare – all areas where provision remains lower than average for SME businesses.

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

Low-cost ways SMEs can support wellbeing in 2026

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?

Prioritising financial wellbeing

As financial pressures continue to affect many households, companies can provide meaningful support without large budgets. Simple actions such as offering access to financial education, budgeting tools or signposting to trusted resources can help employees feel more confident in handling challenges. Offering a discounts portal is another way to increase employee value and strengthen financial wellbeing.

Making the most of benefits technology

Technology offers a cost-effective way to enhance both engagement and wellbeing. glo, our benefits platform, can help SMEs bring all their initiatives into one easy-to-use space, empowering employees to make use of what's already available to them – and generate a better return on investment.

Take a 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 already included as value-added services.

A significant 72% of employees working for SMEs would like to have more flexibility over their benefits – allowing them to pick and choose the benefits they receive

Make sure benefits are aligned with your workforce

Low-cost doesn't have to equal low impact. Regularly reviewing your benefits and seeking employee feedback will ensure that what you offer truly reflects the current needs of your employees. Offering more flexibility and choice is also a great way to ensure that engagement and return on investment remain high.

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:

Financial Wellbeing

Support for current finances has decreased to 7%, while 30% of employees want more support in this area, meaning that it remains the largest gap between provision and demand.

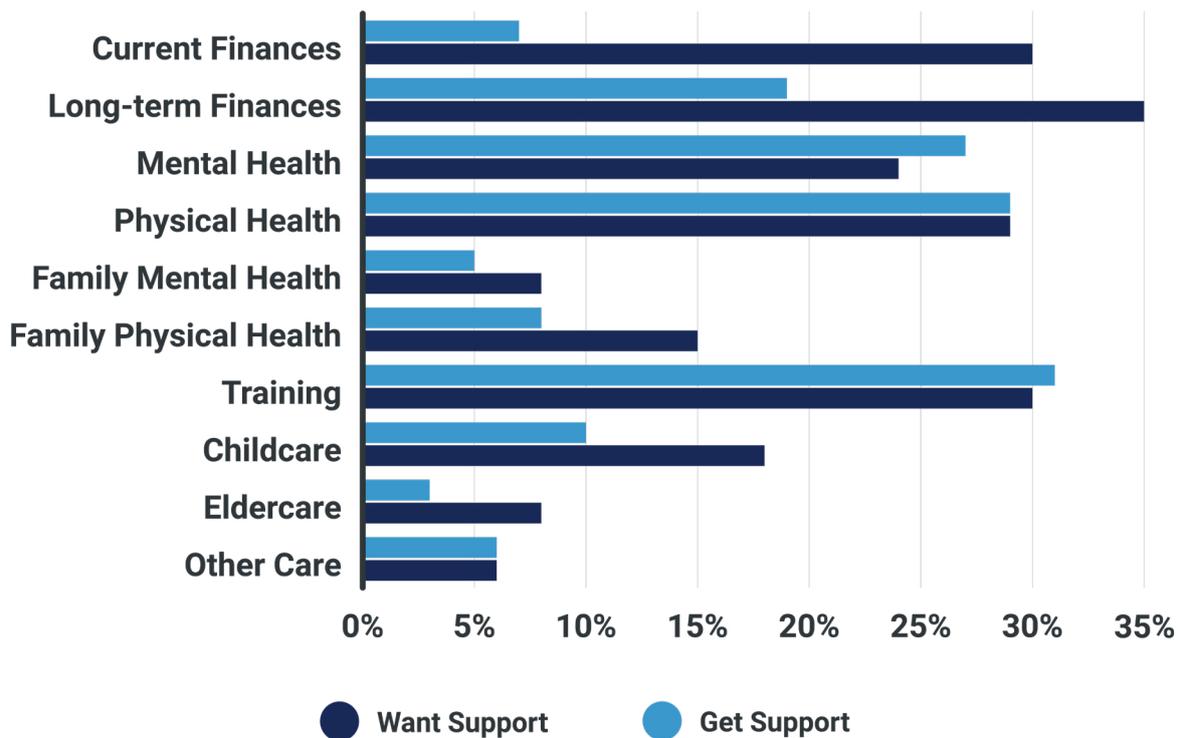
Physical health

29% of employees would like more support to manage their physical health, with 20% currently struggling to manage their physical health.

Mental health

A quarter of employees (24%) responded they wanted more support with 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.

Gaps in provision vs demand for support



SMEs have shown incredible resilience over the past year, finding smarter and more sustainable ways to support their people. While pressures remain, it's positive to see an increase in wellbeing investment, with physical health now less problematic for employees. The challenge now is to build on this momentum and ensure every benefit offering truly delivers value.



Chris

Chris Tamplin
Head of SME

Part 2

IMPACT



Where are employers providing support?

Consistent across all three of our Mind the Gap surveys, there continues to be a higher prevalence of 'traditional' benefits over newer-to-market solutions. There have been very minimal changes in provision over the last 12 months, although we have seen positive increases in provision from SMEs, consistent year on year.

Despite these gradual increases each year; our results show that SMEs are still falling short across all areas vs the average:

SME:

1. Employees' mental health (27%)
2. Employees' physical health (29%)
3. Training (31%)
4. Long-term finances (19%)
5. Family physical health (8%)
6. Childcare commitments (10%)
7. Family mental health (5%)
8. Current finances (7%)
9. Other caring commitments (6%)
10. Eldercare commitments (3%)

Average:

1. Employees' mental health (44%)
2. Employees' physical health (41%)
3. Training (40%)
4. Long-term finances (33%)
5. Family physical health (20%)
6. Childcare commitments (18%)
7. Family mental health (15%)
8. Current finances (15%)
9. Other caring commitments (7%)
10. Eldercare commitments (9%)



Since our first survey in 2023, we have continued to see a steady increase in provision from SMEs - which is a positive trend - but with 24% of employees still not receiving any benefits there is still a way to go. Support with the cost of living remains especially low, and with employees facing increased pressures and demanding support to match, SMEs should look to take a proactive approach to benefits as part of overall employee wellbeing.

Jo Neary, Client Services Director

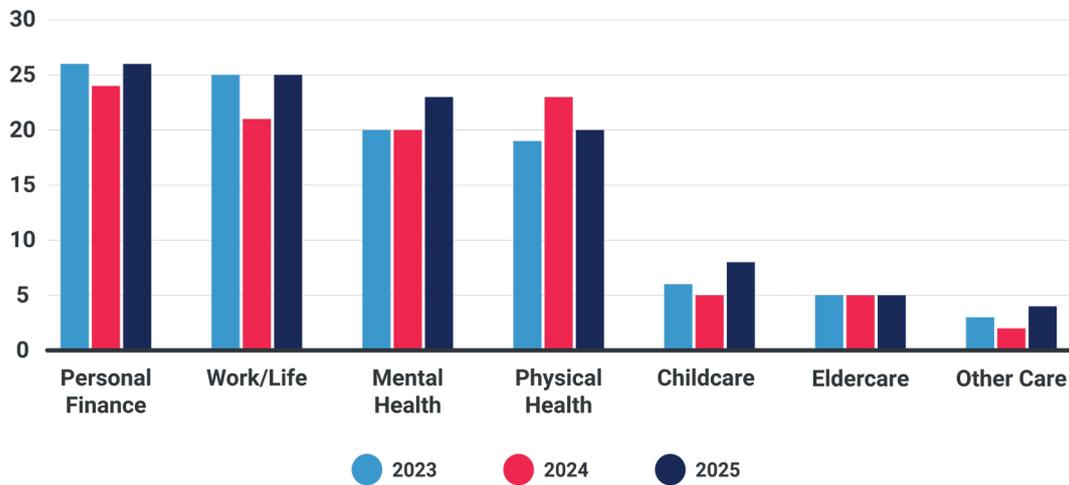


What are employees struggling to manage?

Since our 2024 survey, we are seeing a general upwards trend across areas where employees report they are struggling to manage; personal finances, work/life balance and mental health scored highest.

Historically, we have seen that SME employees report a better work/life balance - but this has shifted in 2025. This could be a focus area for SMEs looking to provide valuable support at minimal cost.

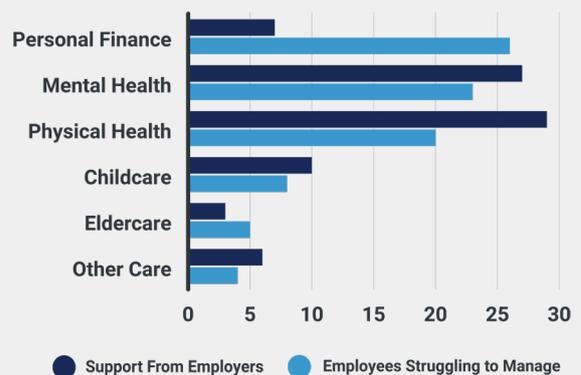
What are employees struggling to manage?



Where are the gaps?

Our research shows that there remains a strong demand for employer support; but with benefit dissatisfaction rising, 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 - for example, if you have a young workforce, it might be less useful to offer eldercare services.

Provision vs Support



Spotlight on: Everyday Finances

32% of employees worry about their personal finances to the extent it negatively impacts their performance at work

Despite some signs of recovery in 2024, financial pressures remain a key concern for employees. Nearly a third of employees continue to report that worries about personal finances are negatively impacting their productivity – a figure that has remained fairly consistent year-on-year.

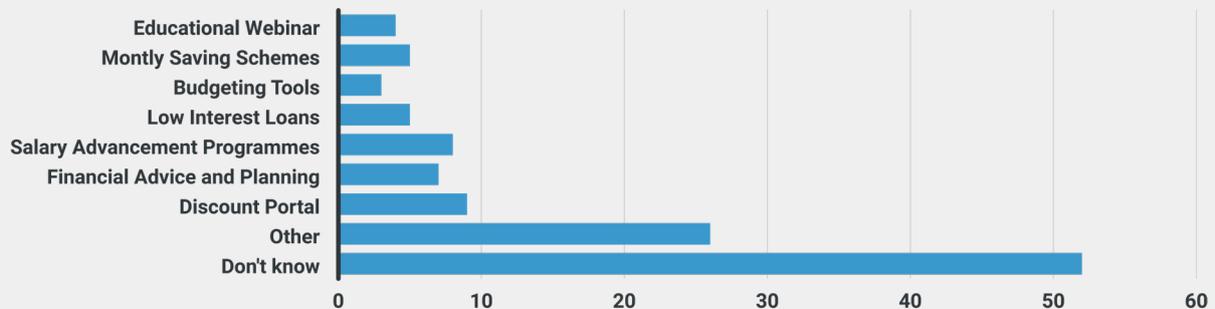
Yet, support from employers remains limited – only 7% of SMEs currently offer provision for current finances. This represents one of the largest gaps between employee needs and employer provision.

Finances under pressure: Insights from our 2025 Financial Wellbeing Guide

The everyday financial pressures faced by employees are being echoed across our other research. Earlier this year we surveyed 1,000 UK employees on their financial wellbeing and the findings for SMEs were equally concerning.

84% of SME employees say they receive no financial support, with money worries most affecting mental health and work-life balance – this is a clear call to action for a more proactive employer approach.

Awareness is also poor, with 52% unsure what support exists, signalling a significant communication gap. Provision remains limited too with only 9% of SMEs offering a discount portal and just 4% providing financial education webinars, leaving many employees exposed amid the cost of living.



Spotlight on: Pensions and long-term financial wellbeing

Only 4% of SME employees are confident that they will retire with 'plentiful' for their retirement needs, which is consistent with 2024.

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. Low retirement readiness can negatively impact succession planning and talent attraction at an organisational level.

61%

of employees

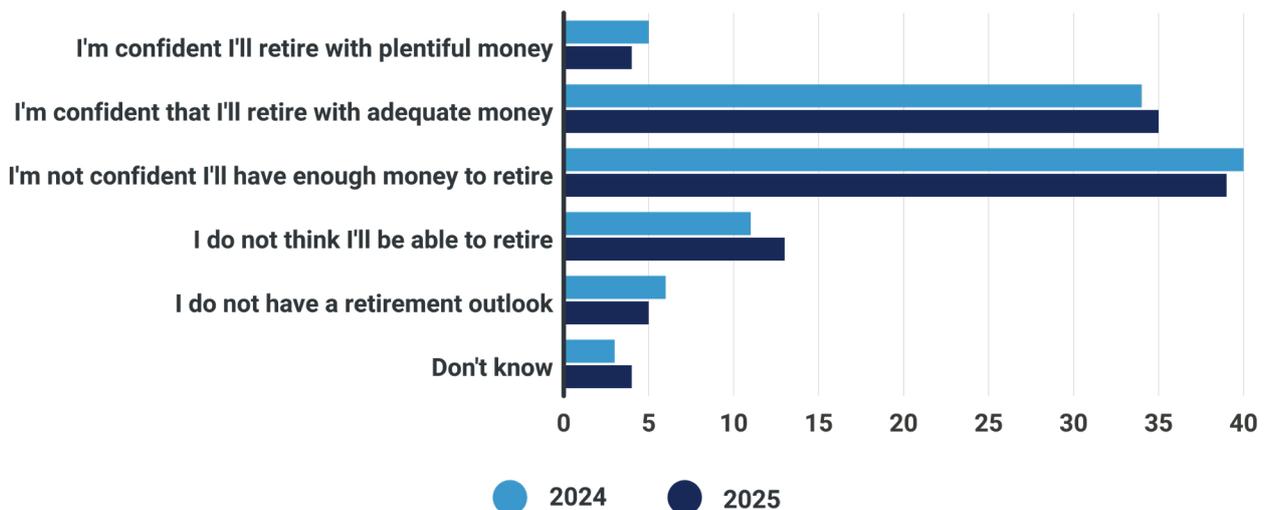
do not think they will have enough money for retirement

In terms of retirement confidence:

- ✓ Only 39% of employees are confident that they will retire with enough money
- ✓ The amount of perceived support provided by SMEs for long-term finances has continued to fall from 25% in 2023 to 19% this year. While this decline is concerning it may reflect more than just a reduction in provision. It could be caused by rising employee expectations, a lack of communication around existing benefits, and/or potential financial literacy barriers. These factors could all be influencing how employees perceive the support available to them.

As awareness and expectations continue to grow, visibility and clarity of long-term financial support should be a priority for SMEs going into 2026.

Retirement Outlook for SMEs





Four Tips for Encouraging Pension Engagement

1. Simplify and Personalise

Make pension information easy to understand and relevant to employees at different life stages. Use plain language, avoid jargon and illustrate how individual contributions can translate into real future outcomes. Personalised insights will help employees recognise the value of engaging now.

2. Make Action Feel Effortless

Remove any barriers that make pensions feel complicated or time-consuming. Use clear calls to action, simple online tools and automatic prompts to help employees review, update or increase contributions with minimal effort.

3. Educate and Support

This is arguably the most important step. Employees are unlikely to engage with something they don't understand and may feel a stigma around discussing financial worries. Making education accessible and inclusive helps build confidence and remove barriers. Companies could provide educational webinars, lunch and learns, one pagers, QR codes.

At PIB Employee Benefits we provide 1-2-1 pension guidance for our client's employees as well as company wide presentation days that help employees make informed decisions and get the most out of their pension.

4. Nudge Regularly

Keep pensions visible year-round through gentle reminders and timely updates. Use key awareness days, such as Pension Awareness Week to spark a renewed interest and prompt action.

The Communication Gap:

While nearly 1 in 5 employees working at an SME say they receive no help with long-term financial planning, this may stem from not just a lack of provision but a gap in how it's being communicated.

Many employees simply aren't aware of what is available to them; great provision might exist, but if employees aren't engaging with it or understanding it's value then it results in wasted investment and under supported employees.

Our Financial Wellbeing Survey highlighted that on average within a workforce, the levels of financial literacy and financial confidence can hugely vary. Clear, consistent communication that considers all levels of financial education, is the key to helping employees engage with their financial future.

Spotlight on: Mental Wellbeing

This year, 23% of employees report struggling to manage their mental health, up from 20% last year.

However provision has not changed: only 27% of employers offer support in this area, with 24% of employees saying they want more support.

The number of employees whose productivity is negatively affected by worries about their mental health has also risen, from 33% to 35%.

Employers should strengthen targeted support, improve communication, and foster a culture that makes accessing help straightforward and stigma-free.

24%

of employees

would like more support with their mental health

The Next Step: Evolving SME Mental Health Support

In last year's report we explored how SMEs could ensure mental health support was accessible at the point of need. This year, we've looked at how that support can evolve moving from access to lasting impact.



Equip managers

Give line managers the skills to spot early signs and start supportive conversations



Measure impact

Use surveys and employee feedback to understand what's working and regularly review areas of improvement.



Communicate often

Promote support regularly and openly build awareness to reduce stigma.

How are employees accessing their benefits?

51%

of employees

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

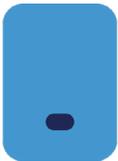
Our 2025 survey shows an increase in the number of employees engaging with their benefits, with disengagement down from 58% in 2024.

This improvement suggests that employers' efforts to promote and expand benefit offerings are beginning to pay off. It could also reflect that employees are turning to benefits out of necessity as financial and wellbeing pressures continue to rise.

Insights from our 2024 Wellbeing Revolution Report found that only 28% of businesses currently use benefit utilisation

data to guide strategic decisions – highlighting an opportunity for SMEs to explore what is driving engagement.

The next step is for companies to ensure that benefits investment continues to align with employee needs and drives meaningful value.



11% access via an app



15% access via an external website



18% access via an internal website



9% access via a benefits booklet

In 2025, more employees are accessing their benefits through apps and internal websites, suggesting the SMEs are investing in digital platforms to make support easier to access – and it's paying off.

Keeping benefit communications engaging:

Keeping benefit communications engaging is key to driving uptake and value. Be sure to use clear and simple language, avoiding jargon. Take a multi-channel approach, emails are often over saturated so make use of your intranet, apps, teams meetings and posters. Personalise messaging where possible, highlighting benefits relevant to the needs of your whole workforce not just a small segment. Lastly, make use of key awareness days to help promote engagement.

How are companies communicating with employees?

We asked employees about the frequency of benefits communications and whether the information they receive is clear to understand.

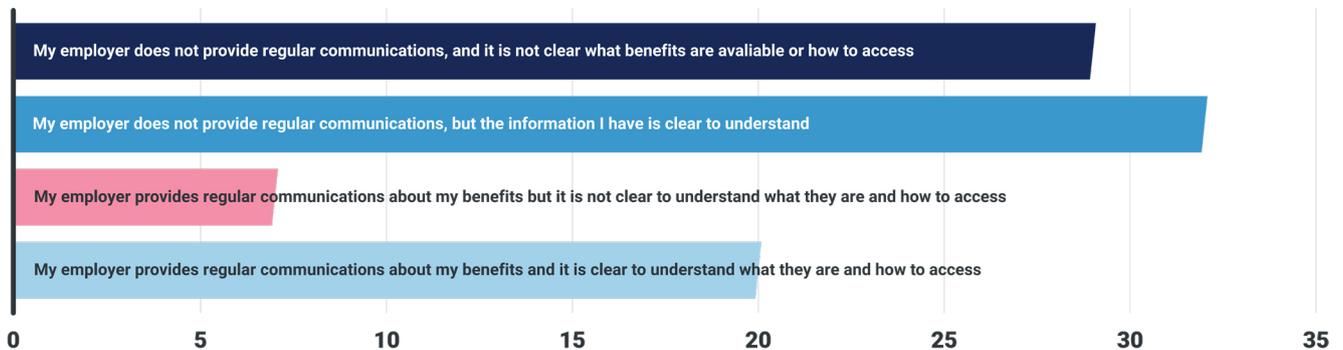
27% of employees receive regular communications and 61% receive infrequent communication. Worryingly, 12% of employees responded that they didn't know if they receive communications about their employee benefits.

These responses are all consistent with last years results, showing that even though engagement with benefits has increased, it might not be directly linked to the quality and quantity of communications being received.

36%

of employees

do **not** find benefits information understandable or accessible



We've seen an increase in engagement with benefits; this is an encouraging sign as we see employees using apps and internal websites to access support. Companies that don't currently leverage benefits technology should look to take this step in 2026, making benefits even easier to access, reducing the HR burden and supporting financial wellbeing.

Tarang McKenzie, Head of Technology



Part 3

ACTION



How do benefits impact employee productivity?

As with previous years, we asked employees if they ever worried about key challenges to the extent that it negatively impacts their work performance – the results showed a slight increase from 2024 but the four main ‘crisis point’ areas year on year continue to be:



35% worry about their mental health



35% worry about their long-term finances



32% worry about their current finances

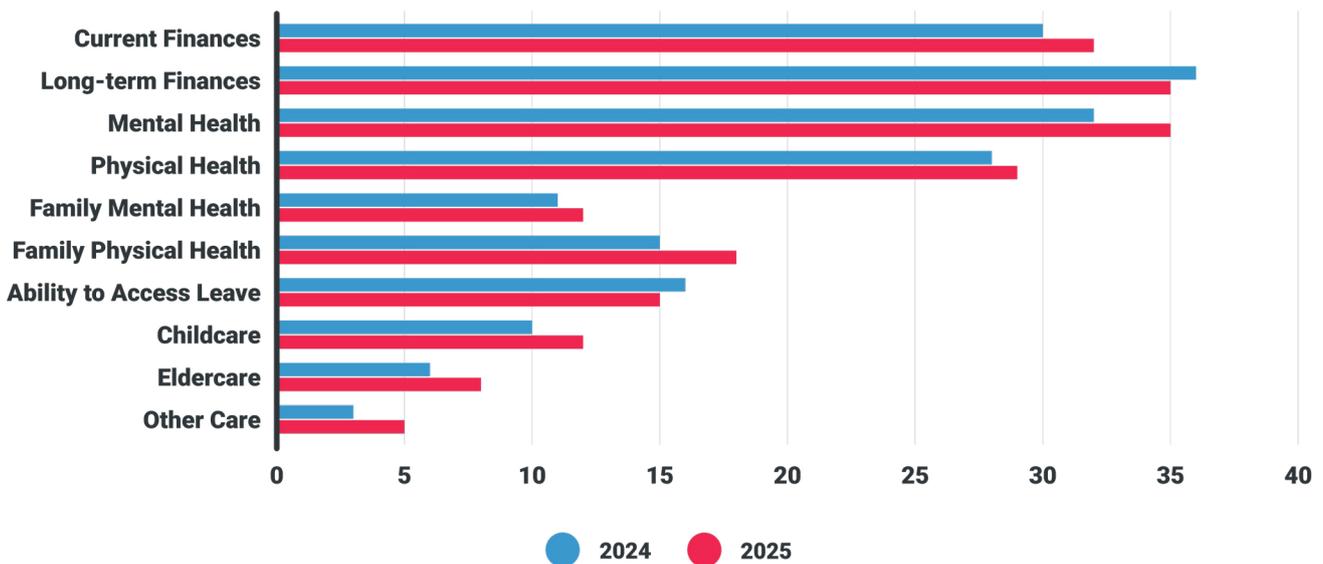


29% worry about their physical health

Provision ≠ Precision

It’s important for companies to recognise that the presence of support doesn’t automatically mean it’s effective. Provision doesn’t equal precision. Many employers offer a wide range of benefits, but without clear insight into what employees utilise and value, these efforts can create a false sense of support. This can directly impact broader People risk factors such as performance, absenteeism and retention.

What are employees worried about?



How do benefits impact talent retention?

50%
of employees

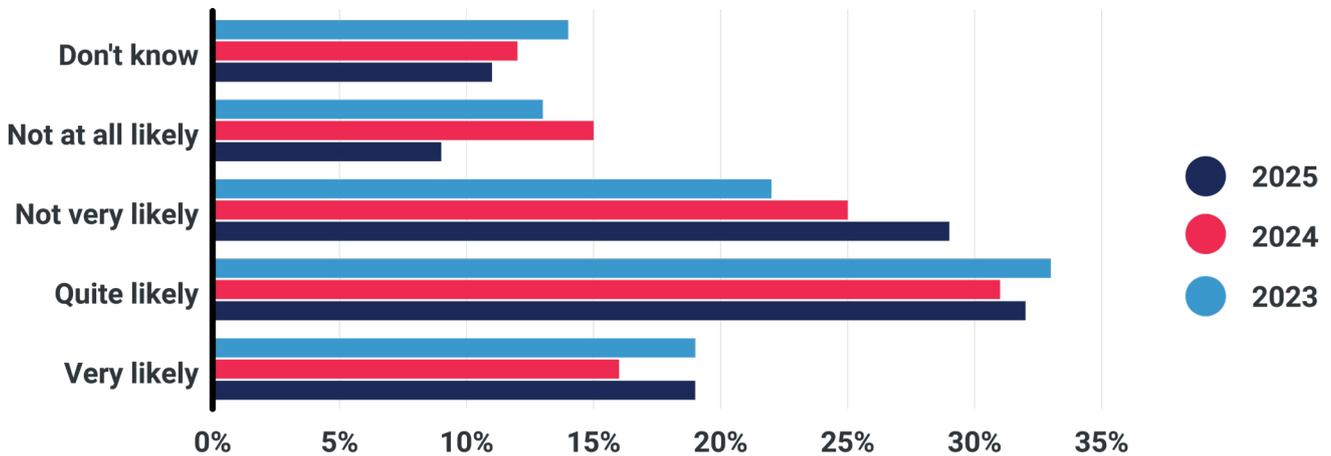
would consider leaving their current role for better benefits elsewhere

Could you afford to lose half of your workforce?

This year's survey saw a small increase in the percentage of employees who would consider leaving their roles for better benefits – up from 47% in 2024.

As with last year, the percentage is lower than the average of 55% - suggesting benefit packages have a slightly lower influence on the career decisions of SME employees. This was reflected in the number of employees who rated employee benefits as an 'important' consideration 77% compared to the 81% average.

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?

72%
of employees

would like more flexibility over the benefits they have

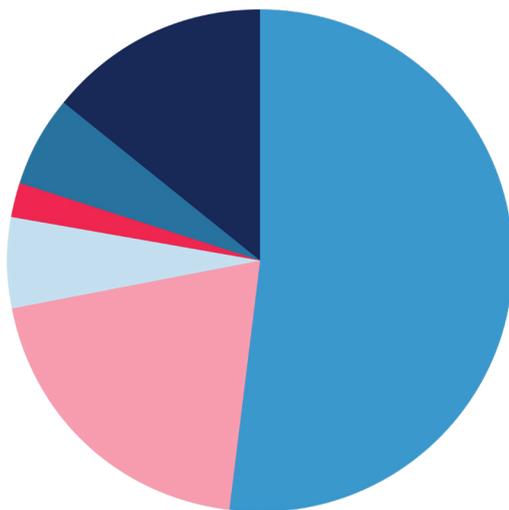
We asked employees about their preference around employee benefits choices and this year we have seen a 4 percentage point increase in employees wanting more flexibility and control.

However, 14% of employees said they have no preference – down from 19% in 2023 but up from 9% in 2024.

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

The largest percentage of employees (52%) would like more flexibility at no cost to themselves, and just 8% of SME employees say they already have choice over their benefit selections.

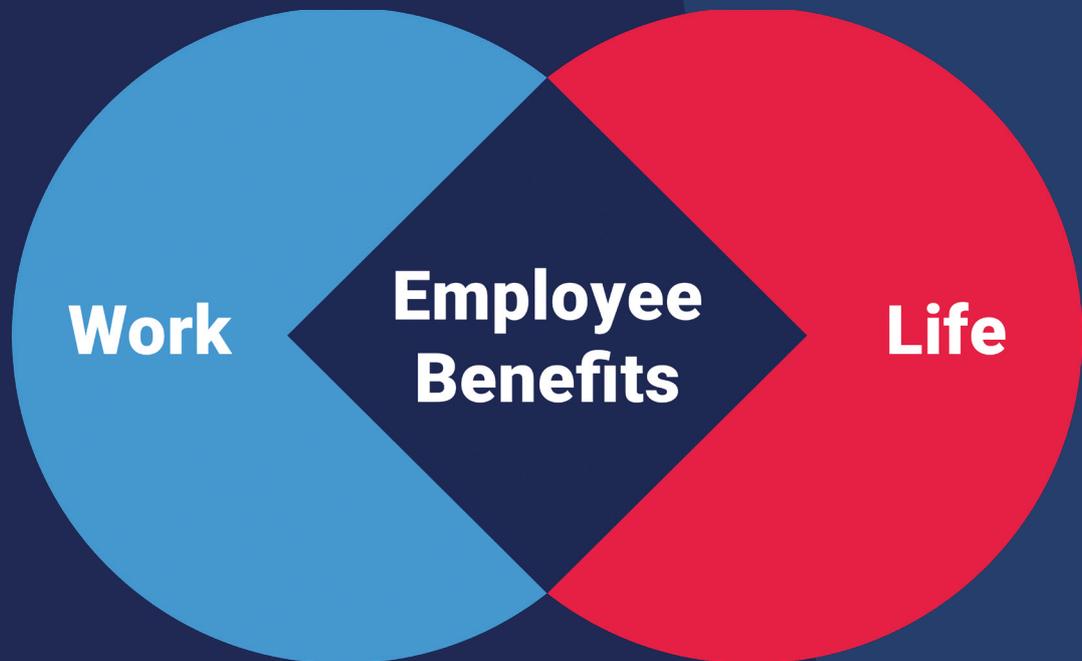
Would employees prefer more autonomy and flexibility over their benefits?



- Yes - I would like more flexibility to be able to pick and choose the benefits I have, however I am not willing to pay an additional cost
- Yes - I would like more flexibility to be able to pick and choose the benefits I have, and am willing to pay an additional cost (e.g. to access a wider selection of benefits)
- No - I can already pick and choose the benefits I have, at no additional cost
- No - I can already pick and choose the benefits I have, at an additional cost
- No - I would not like more flexibility to pick and choose the benefits I have
- Don't Know

Our 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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