TREND 1

Underlying optimism and cash flow are steady.

CASH FLOW

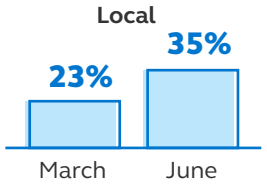
84% Comfortable
79% Small*
91% Large*

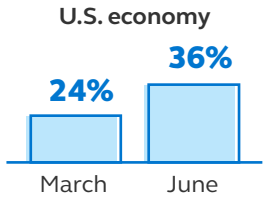
10% Neither
13% Small
7% Large

6% Uncomfortable
9% Small
3% Large

LOCAL AND U.S. ECONOMY

More small businesses say that both their local economy and the U.S. economy are growing.





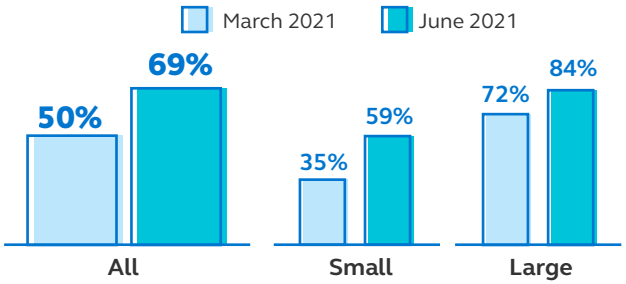
CONFIDENT OUTLOOK

> This summer we've seen yet again how quickly the pandemic and economy can fluctuate. But our latest Principal Financial Well-Being Index℠ results show the strong fundamentals of a business sector ready to move forward when given the chance.

Amy Friedrich
president of U.S. Insurance Solutions at Principal

FINANCIAL IMPROVEMENT

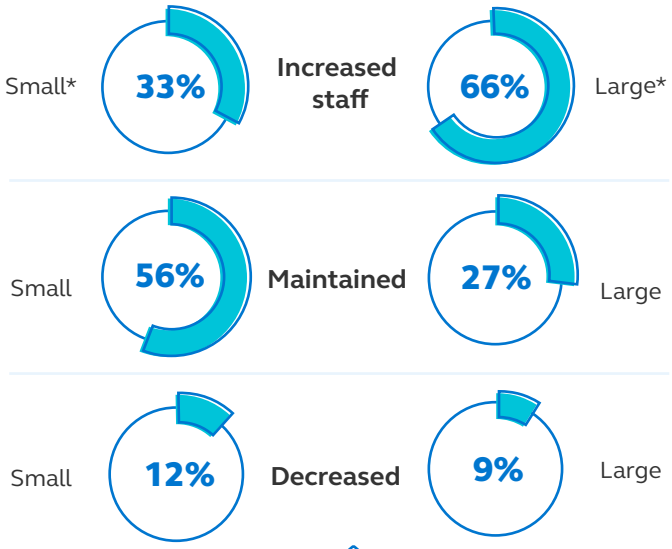
For the first time in more than a year, more than two-thirds of businesses report that their financials have improved compared to this time last year.



TREND 2

More businesses are hiring.

STAFFING TRENDS



Top reasons employees are choosing to leave their jobs:

1	2	3	4
Changing career path	Additional caregiving responsibilities	Retirement	More remote-work flexibility

FULLY OPERATIONAL

Businesses that say they're fully operational increased from March to June.

The Principal Financial Well-Being Index℠ (June 14-22, 2021) surveyed 501 business leaders of for-profit companies with 2-10,000 employees. Respondents must offer either health insurance or retirement benefits (or both).
***Small** = under 500 employees; **Large** = 500 or more employees

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TREND 3

Employee benefits are on the rise—and going digital.

BROAD INCREASE IN BENEFITS

More businesses plan to increase benefits in the next 12 months.

42% Telehealth

41% Health care benefits

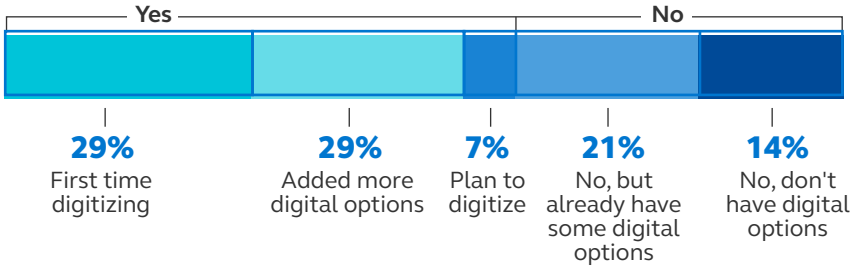
38% Mental health/ well-being services

Popular benefits employers say they'll increase in response to specific needs:

Need	Response
Employee experience	**Financial wellness programs**
Attract new employees	**Paid family or medical leave**
Retain current employees	**Health care benefits**
Ethical responsibility	**Disability insurance**
Response to COVID	**Mental health and well-being programs**
Improve employee satisfaction and well-being	**Childcare support**

DIGITAL ACCESS AND CYBERSECURITY

65% **of businesses are improving digital access to benefits for employees.**



WHY DIGITIZE?

71% think digital access helps with benefit understanding.

62% are onboarding employees online.

40% are reducing paper.

Data security/cybersecurity is the fastest-rising concern among businesses in this wave.

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TREND 4

Financial wellness programs are popular …

BUSINESSES SEE THE VALUE

62% currently offer financial wellness benefits or programs.

77% agree financial wellness programs help employees prepare for retirement.

Small*	70%
Large*	87%

Most businesses (73% on average) agree that financial wellness programs help:

- Short-term financial goals
- Long-term financial goals
- Retirement preparation
- Employees better understand other benefits
- Lower costs of other benefits
- Keep workforce engaged and productive
- Decrease employee stress over debt
- Employee satisfaction
- Employee hiring and retention
- Provide support for COVID-19 impacts

TOP FINANCIAL WELLNESS OFFERING

45% of businesses see access to a financial professional as the most useful financial wellness offering for employees.*

*Out of 25 financial wellness options presented

> "Financial wellness is the ability to have a healthy financial life—access to education, tools, and resources that help support financial security."
>
> **Kara Hoogensen**
> senior vice president of specialty benefits at Principal

TREND 5

… and so are retirement plans.

ATTRACT AND RETAIN

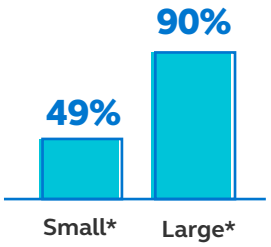
83% of businesses see retirement plan offerings as essential to attract and retain employees.

At least 3/4 of employers say their employees need some support when it comes to saving for retirement.

Employers think workers need help with:

Understanding different plans (i.e. 401(k) vs. IRA)	91%
Having a comprehensive investment strategy in addition to retirement plan	90%

Only half of small businesses are aware of proposed legislation (SECURE 2.0) that could help them provide the retirement plans they say they want.



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