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The power of voluntary benefits for small to midsize businesses

How they help business owners compete for talent, protect margins and reduce complexity

A white paper by Stephanie Shields, Head of Employee Benefits, Equitable

Introduction

Running a small to midsize business has never been easy, but today's challenges hit harder and faster than they do for bigger companies.

While large corporations can weather storms with deep pockets and big teams, small to midsize business owners must stretch every dollar and juggle everything from compliance to culture, often with just a small team.

It's no wonder that exploring new options, like voluntary benefits, can feel like one more thing on an already overwhelming to-do list.

But here's what many small to midsize business owners may not realize: these benefits are one of the most powerful tools they're not using. Our survey of 503 business leaders found that voluntary benefits aren't just nice-to-haves.

They directly tackle three of the biggest challenges that keep owners up at night:

1

**Finding and
keeping
good people**

2

**Protecting
margins through
reduced turnover
and lower stress**

3

**Simplifying
complexity for
HR leaders
and employees**

There's still a significant awareness gap in the market. Many business owners don't know these benefits exist, and some brokers haven't shared their strategic value. That means they're missing out on something that could make a real difference in keeping their businesses strong when times get tough.

About this study

In 2025, Equitable conducted the study, **Equitable voluntary benefits thought leadership survey research (Q2 2025)**, to better understand how voluntary benefits are being viewed, used and evaluated by small to midsize business owners.

Methodology

Respondents	503 U.S. small to midsize business decision-makers responsible for employee benefits.
Business size	Businesses with 50–500 employees.
Roles	Owners, founders, executives, HR/benefits decision-makers.
Industries	Varied: education, legal, healthcare, food and beverage, automotive, consulting, religious organizations, manufacturing.
Survey period	February–March 2025.
Objective	Assess the perceptions, adoption and impact of voluntary benefits on small to midsize business talent strategy and margins.
Approach	An online quantitative survey with segment analysis by role and gender.

Who we talked to (and what they care about)

Every business leader thinks about benefits differently, so we made sure to hear from a mix of perspectives.



Here's who shared their experiences with us:



Women leaders

Women in senior roles who make benefits decisions while balancing compliance concerns with budget realities. They care deeply about their people and see voluntary benefits as a way to show genuine care, while staying smart about risk and keeping everything compliant and budget-friendly.



Founders

The people who built their businesses from the ground up and take employee turnover personally — it feels like their vision and culture are on the line. They use voluntary benefits to rebuild trust after losing good people and to show they're serious about taking care of their teams.



Owners

Business owners who may not run day-to-day operations but have a major say in big decisions like benefits and compensation. They love that voluntary benefits strengthen their employee offerings without adding to fixed costs or locking in long-term payroll commitments.



Executives

Leaders responsible for managing teams or workforce strategy, including founders, owners and senior managers. They know how hard it is to find and keep good people, so they see voluntary benefits as an affordable way to make their company more attractive to the employees they need most.

Women leaders and founders worry about different things.

Women leaders balance staying compliant with keeping costs down, while founders who've lost good people focus on rebuilding their culture and reputation.



A quick note: These aren't rigid categories. Many of the leaders we spoke with wear multiple hats — a founder might also be the owner, or a woman leader might be an executive too.

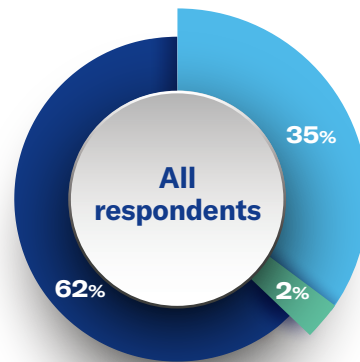
Finding and keeping good people

Competing with larger companies on salary alone isn't realistic — but small to midsize businesses don't have to. Part of what sets them apart is the small business owner's ability to combine relevant benefits with a culture that feels personal and connected. Voluntary benefits strengthen that advantage: they make a compensation package more competitive and show employees that their well-being matters.

Voluntary benefits improve competitiveness

Nearly all the leaders we surveyed — 98% to be exact — indicate that these benefits are key to attracting and keeping employees. More than 60% report they make their overall package feel more competitive without raising pay. When every salary increase feels like a stretch, that can be huge.

Voluntary benefits enhancing competitive packages

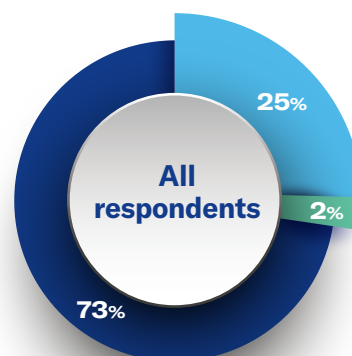


● Not at all ● Very little ● Somewhat ● To a great extent

Signals of care and commitment

But the real impact goes deeper than dollars. Nearly three quarters of leaders believe that offering these benefits sends a clear message of care and commitment. Employees see them as proof that leadership is invested in their well-being and that translates into stronger workplace culture and better retention.

Demonstration of company's care and commitment through voluntary benefits



● Not at all ● Very little ● Somewhat ● To a great extent

Employees notice, too

When we asked what benefits they value most, respondents overwhelmingly indicated their employees want life insurance, accident insurance and critical illness insurance. Small to midsize businesses that offer these benefits can instantly make their packages feel big-company competitive without the big-company cost.

Besides dental, vision, and retirement, what types of voluntary benefits do your employees and prospective hires more frequently request?



Takeaway

Small to midsize businesses don't have to outspend bigger competitors to win the talent game. The key is demonstrating genuine care through meaningful benefits. Voluntary benefits represent a powerful differentiator that strengthens client relationships while solving workforce challenges. They make compensation packages competitive, strengthen workplace culture and prove business owners are invested in employee well-being — without stretching payroll. The choice is clear: this is how small to midsize businesses compete and win.

Protecting margins through reduced turnover and lower stress

When things get volatile, small to midsize businesses often feel it first

Big companies can more easily tap credit lines or lean on deep pockets to weather the storm. These owners have to watch every dollar, and with rising costs and tighter access to capital, protecting margins isn't just smart; it's survival.

Turnover can take a big toll on small to midsize businesses. Our survey revealed replacing an employee costs 20%–30% of their salary. For someone earning \$75,000, that's an unplanned additional \$15,000–\$22,500 expense to replace them every time someone walks out the door. Between recruiting, training new hires, lost productivity and the disruption to client relationships, replacing employees is costly. But here's the good news: voluntary benefits can help reduce turnover, and the money saved can be put back into growth or used to keep the business steady when times get rough.

On the employee side, financial stress — the persistent concerns about money and the ability to meet financial obligations, especially unexpected costs — can negatively affect day-to-day job performance.

Impact of employee financial stress and how it affects productivity, absenteeism and turnover



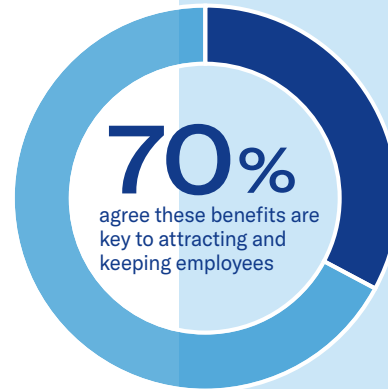
● Not at all ● Very little ● Somewhat ● To a great extent

Most of our respondents agree: employee financial stress affects productivity, absenteeism and turnover. Further, 63% of them report that voluntary benefits help lower employee stress and improve their output.



Help employees worry less without spending more

Nearly 70% of business leaders reported that voluntary benefits enrich compensation packages and help attract top talent. Unlike traditional health insurance, voluntary benefits don't strain the budget because employees choose and fund their own coverage. Business owners get the retention value without the extra cost.



Employees agree

Our research shows that nearly 3 in 4 respondents believe voluntary benefits improve their employees' sense of financial security. When people feel less financial stress, they're more engaged at work — so business leaders can be more focused on helping their business succeed instead of worrying about bills.

What business owners say.

Founders often called voluntary benefits cost-neutral culture builders. Women leaders described them as risk reducers — a way to support their teams without overspending.

Takeaway

Turnover is expensive. In times when every dollar counts, voluntary benefits are one of the few strategies that protect margins while reinvesting for growth. What's more, these benefits reduce financial stress — creating a strategic driver that strengthens both bottom lines and workplace morale. This dual impact makes voluntary benefits one of the most compelling value propositions for small to midsize business decision-makers.



Simplifying complexity for HR leaders and employees

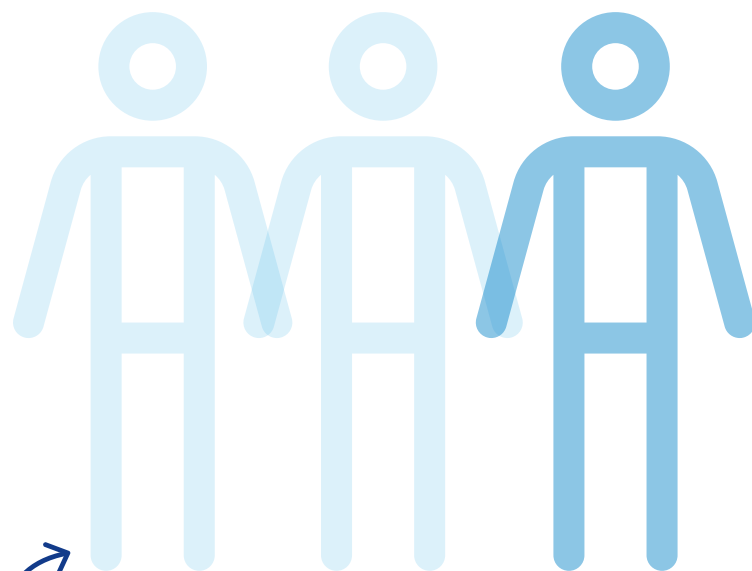
Anyone running HR at a small business knows how to make things work — balancing compliance, culture, hiring and benefits while wearing multiple hats. So when someone mentions voluntary benefits, you might wonder if they'll actually make the job easier.

Awareness is an unexpected barrier

Nearly 1 in 3 small to midsize business respondents reported they had never been approached about voluntary benefits. For women leaders, that number jumps to almost 40%. Think about it: a solution that could help with talent and culture, and nearly half of women business leaders have never even been approached about it. That's not a product problem — that's an outreach problem.

The right approach makes things simpler, not harder.

The real barriers aren't only about cost — they're about awareness and keeping things straightforward.



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The business leaders we talked to put it in perspective:

Women leaders

The real issue is that carriers and brokers aren't reaching out to them, and they want digital tools that make benefits simple while staying compliant.

Founders

Told us awareness is the biggest hurdle — for them, these benefits are still an untapped way to show leadership and build trust.

Employers expect meaningful support when they adopt voluntary benefits

Even when these benefits are available, nearly 40% of business leaders report that explaining them to employees is tough. The result? Confusion and low participation. For small to midsize businesses where every benefit has to count, that's wasted effort.



Top three requests of benefits carriers or brokers from small to midsize business leaders



Education for my employees



Simplified administration technology



Simplified enrollment process

Small to midsize businesses are ready for something better

It's not just about offering benefits, it's about making them clear, digital and easy to use. More than 60% of respondents indicated they want to learn about and sign up for benefits online — the same smooth experience they get with their bank or when shopping. At the same time, over half of leaders said their biggest unmet need from carriers and brokers is help with employee education (55%) and simpler enrollment processes (54%). Everyone wants simple, digital tools that don't require a manual to figure out.

For HR teams, this matters. Digital-first tools, paired with clear education, means fewer questions, less compliance stress and smoother administration. For employees, it means confidence in their choices and stronger engagement with benefits that truly help them.

Powerfully Simple[®], by design.

Equitable's voluntary benefits approach is built for small to midsize businesses — fresh, modern and not pieced together by acquisition. That means you get technology-forward support, clear education and seamless administration — all tailored for your needs, because we've built this with you in mind.

Takeaway

These benefits work, but only when people know about them and can easily understand them. For small to midsize businesses dealing with constant change, making benefits visible and user-friendly is just as important as providing them. This presents a clear opportunity for benefits providers and brokers to differentiate themselves through education, digital tools and ongoing support that truly simplifies the experience.



Conclusion: Competing and thriving in today's evolving market

For small to midsize business leaders and their brokers, voluntary benefits aren't just about cost control, they represent a strategic driver for growth, culture and resilience that creates value for all stakeholders.



Attraction and retention

As a small to midsize business leader, voluntary benefits send a clear signal that you care about your people.

They make your compensation package feel competitive with larger employers without stretching your payroll budget.



Margin protection

When turnover costs are climbing and every dollar matters, voluntary benefits offer a compelling financial case. They help protect the business's bottom line while giving employees real protections that reduce their stress and help them stay focused on work.



Simplicity and support

Today's employees expect benefits to be clear and digital-first. When enrollment is straightforward and benefits are easy to understand, the HR team saves time, while employees make the most out of these offerings.

Now is the time for voluntary benefits

What emerges from this research is a clear mandate: voluntary benefits have evolved from nice-to-have extras to essential tools that help these businesses compete with bigger companies, protect their margins and build stronger workplace culture. With employees increasingly expecting digital, educational and transparent benefit experiences, the business leaders who recognize this shift — and the brokers who can guide them through it — are positioning themselves to thrive regardless of market volatility. The opportunity is significant, the need is proven and the time to act is now.

How to get started

Small to midsize business owners:



Survey employees on what they value most: family coverage, financial protection or wellness programs



Ask your broker about digital enrollment platforms that reduce admin work



Think strategically; these benefits are more than just nice to have and they are foundational to long-term business success

Brokers:



Target overlooked segments, especially women leaders who show high receptivity



Lead with education, not sales pitches



Partner with carriers offering digital-first tools that simplify benefits for everyone

Whether you are a woman leader, founder, owner or executive, voluntary benefits give you a scalable way to help protect people and margins today and in today's uncertain times.



Acknowledgments and disclosures

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All data referenced in this white paper is drawn from original research conducted by Equitable in Q2 2025. Respondents represented a diverse cross-section of U.S. businesses across industry sectors, geographic regions and demographic backgrounds.

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