

# 2025 Small Business Benchmarking Report





# Table Of Contents

**Introduction: 3**

**Employee Benefits Summary: 4-5**

**Cost of Employee Benefits: 6-7**

**Employee Preferences & Satisfaction: 8-10**

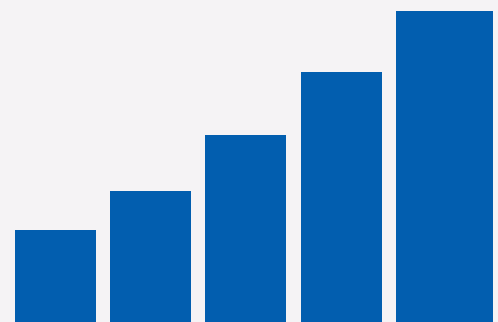
**Regional Comparisons: 11**

**Industry-Specific Comparisons: 12**

**Conclusion: 13**

**Contact Information: 14**

**References: 15-16**



# Introduction

The 2025 Small Business Benchmarking Report offers key insights to enable small business owners to make smart, data-driven decisions. In a competitive job market, providing the right benefits is critical for attracting the right talent, retaining high-performing employees, and increasing overall job satisfaction.

Our research hones in on the top employee benefits in 2024, new-age benefit trends, as well as regional and industry-based comparisons. By exploring average costs, employee preferences, recent analytics, and much more, you'll have all the tools necessary to meet the needs of your workforce.



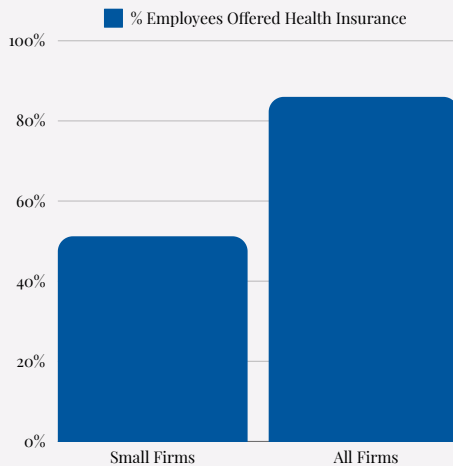
# Employee Benefits Summary



## HEALTH INSURANCE

In 2024, only **51.2%** of small business employees (companies with 50 or fewer employees) were offered health insurance.

This is a much smaller portion compared to the **86%** across firms of all sizes, highlighting a significant economic gap in health insurance accessibility for small companies.



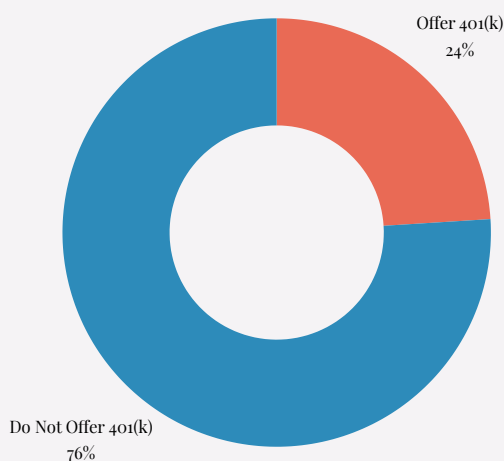
Source: US Census Bureau

## RETIREMENT BENEFITS

According to an independent survey conducted by ShareBuilder 401k, only roughly **24%** of small businesses (1-50 employees) offered 401(k) retirement benefits in 2024.

The study went on to identify three main contributing factors, that respondents believed were holding them back from adopting company retirement plans:

- **55%** responded that their business is too small to access a plan.
- **28%** responded that they can't afford to match employee contributions.
- **22%** responded that providing a 401(k) plan is too expensive.



## PAID TIME OFF (PTO)

The average number of annual Paid Time Off (PTO) days offered to employees of businesses with 1 to 99 employees remained the same from 2023 through 2024:

- 10 days after 1 year of employment.
- 14 days after 5 years of employment.
- 16 days after 10 years of employment.
- 17 days after 20 years of employment.

Source: US Bureau of Labor Statistics



## EMERGING BENEFITS

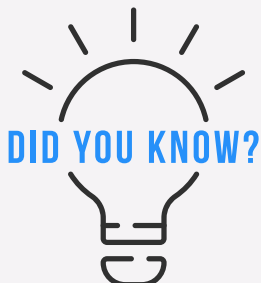
### Mental Health & Physical Wellness

Employee wellness initiatives addressing both mental and physical challenges continue to be of importance to companies of all sizes. In 2024, **54%** of small firms (3-199 employees), and **79%** of large firms offered a program in least one of the following areas: smoking cessation, weight management, and behavioral/lifestyle coaching.

### Financial Wellness Programs

As employers continue to recognize the impact of economic and financial stress, many businesses are beginning to adopt financial wellness initiatives.

These programs aim to go beyond retirement benefits by offering perks focusing on debt management, budgeting, investing and financial planning services.



While the US financial wellness benefits market size was valued at **\$587.02 million** in 2023, it's expected to reach **\$1.21 billion** by 2029.

# Employee Benefits Cost

## Cost of Health Insurance

**Premiums:** On average, annual premiums for employer-sponsored health insurance plans in 2024 cost about **\$8,951** for single coverage, and **\$25,572** for family coverage.

**Employer Contributions:** In 2024 employers covered **83%** of their employees' individual premiums, and **72%** of family insurance premiums.

Source: KFF

## Retirement

**Retirement Match:** The average employer contribution match for retirement plans was **4.6%** in 2024.



Source: Investopedia

# *A Growing Challenge for Employers...*

In 2024, healthcare costs have continued to rise for employers. In fact, recent studies project a **7% increase in healthcare spending trends.**



One new factor contributing to the uptick in provider costs are the introduction of new-age treatments including **gene therapies, and the popular GLP-1 weight loss drugs (Ozempic, Wegovy)**, which significantly contribute to the overall rise in plan cost.

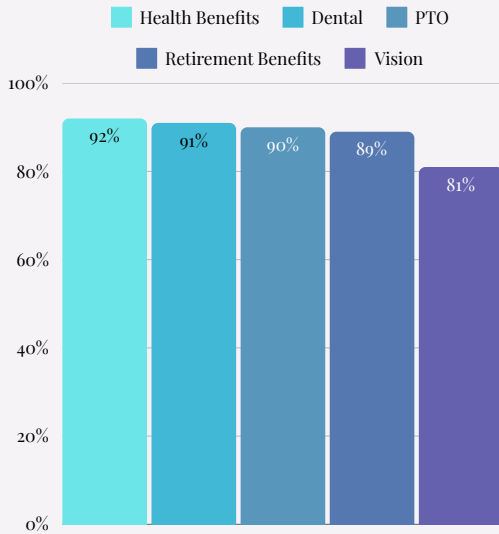
Source: NFP

## *How Are Employers Balancing Their Budgets?*

This challenge has prompted businesses to explore new ways to save on costs while maintaining competitive benefits. Initiatives include:

- **HDHPs with HSAs:** More employers are sponsoring HDHPS paired with Health Savings Accounts (HSAs). This unique health offering tends to lower premium costs, while also providing a tax-advantaged way to save for medical expenses.
- **Preventative Care, Wellness, & Mental Health Services:** By encouraging employees to take advantage of preventative care initiatives (screenings, vaccinations, check-ups), wellness programs, and mental health resources, claims relating to chronic illness and stress tend to decrease, therefore reducing long-term healthcare costs.
- **Telemedicine Services:** Employers are able to lower costs by encouraging employees to use telemedicine services which usually cost less than traditional in-person visits.

# Employee Preferences



## TOP-RANKED BENEFITS

A 2024 survey asked employees how important certain common benefits are to them. Here are the percentage of employees responding that the following benefits are either “somewhat important” or “very important”:

- Health Benefits - 92%
- Dental Insurance - 91%
- Paid Time Off (PTO) - 90%
- Retirement Benefits - 89%
- Vision Insurance - 81%

## MIDDLE OF THE ROAD BENEFITS

In the same survey respondents said that the following benefits were still important, but not as crucial as the above ranked benefits:

- Mental Health/Wellness Benefits - 80%
- Life Insurance - 77%
- Paid Family Leave - 77%



## LEAST IMPORTANT BENEFITS

Lastly, the following percentages indicates the number of employees responding that these benefits are either “somewhat important” or “very important”:

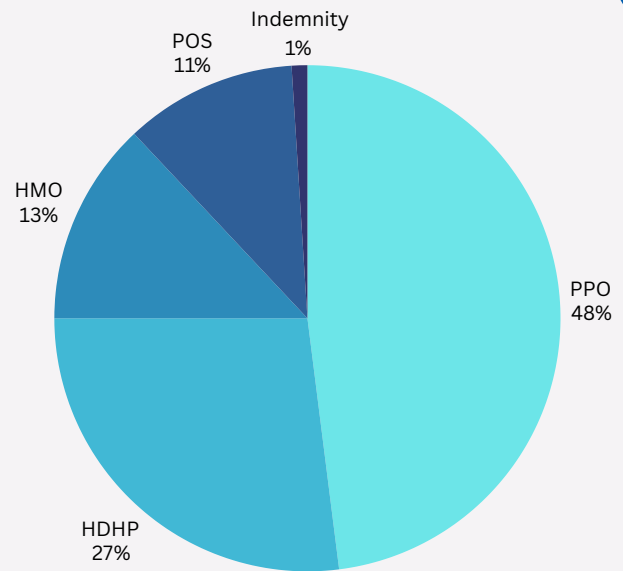
- Disability Insurance - 64%
- Childcare Benefits - 53%
- Educational Assistance/Student Loan Repayment - 52%
- Commuter Benefits - 44%



## Most Preferred Health Plans

In 2024, PPOs remained the most common health plan type. Here's a more in-depth breakdown:

- PPO - 48%
- HDHP w/ Saving Option - 27%
- HMO - 13%
- POS - 11%
- Conventional/Indemnity - 1%



## Multiple Plans Offered?

Of all businesses offering health benefits in 2024, **76%** offered only one type of health plan.

Large businesses (200 or more employees) are more likely to offer multiple plan types compared to small businesses (61% vs 23%). Source: KFF

## What are Employees Concerned About?

- **FACT: 56%** of adults in the United States with employer-sponsored health benefits said weather or not they like their health coverage is a crucial deciding factor when choosing to stay at their current job or not.
- **FACT: 46%** said that health insurance was a deciding factor or a positive influence in choosing their current job.
- **FACT:** An astounding **71%** stated that they're concerned that the cost of health plans will continue to rise.

# Flexibility is Here to Stay!

Even years following the COVID-19 global pandemic, flexible work arrangements continue to be a priority for employees.

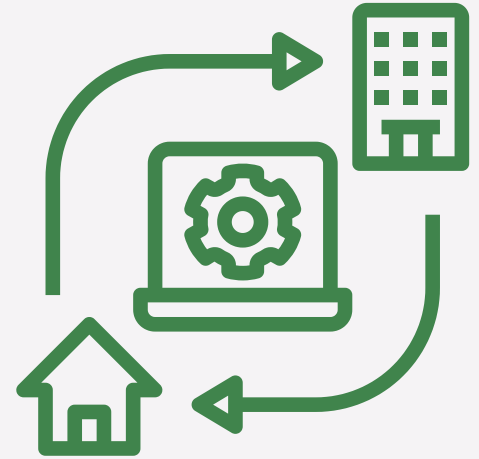
**80%**

of employees say that flexible work options are a critical factor in job satisfaction.

**61%**

of employees have left or considered leaving a job due to the lack of flexibility.

Source: Trinet



## What are Employers Doing to Stay Competitive?

**Hybrid Work Options:** Hybrid work remains a top option with **63%** of employers offering it in 2024, which is a slight increase from **62%** in 2023. However, subsidies for at-home work equipment has decreased from **62%** in 2022 to just **56%** in 2024.

Other popular flexible work arrangements include:

- Remote Work
- Hybrid Work
- Flexible Hours
- Compressed Work Weeks

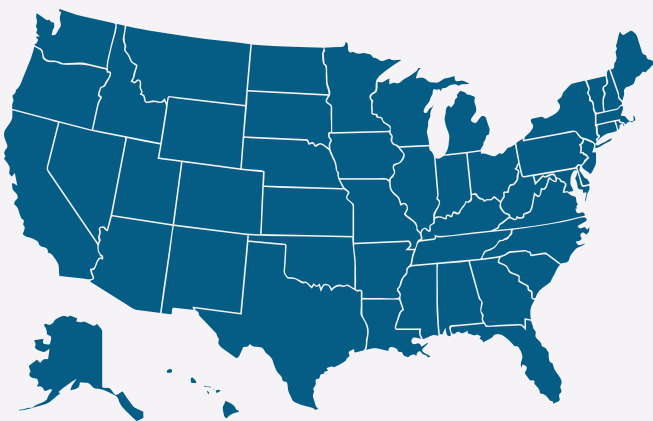
Adopting one or multiple of these methods not only helps employees maintain a much needed work-life balance, but also increases job productivity and overall satisfaction. Coming up with a work schedule that meets the needs of your team is especially crucial for small businesses looking to find top talent.

Source: SHRM

# Regional Comparisons

According to the Bureau of Labor Statistics, in 2024, the Western region of the United States led the way, offering medical benefits to **74%** of private industry workers. Not far behind was the Northeast with **73%**, and the Midwest and South with **71%**.

In terms of utilizing the offered benefits, the Midwest had the highest “take-up” rate of **68%**. On the other hand, the South had the lowest “take-up” rate of **61%**.



Medical Benefits Offered to Private Industry Workers by Census Region



## Comparison By State

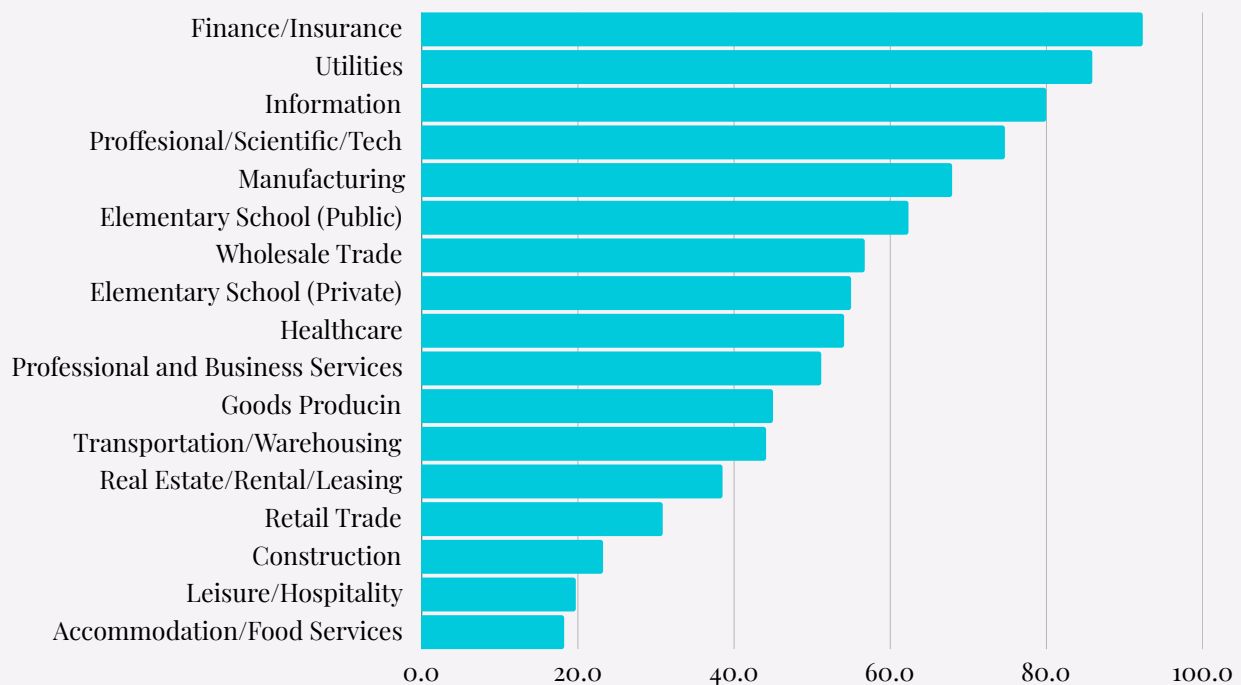
For small businesses (less than 50 employees) in 2024, there were **9 states where health insurance was offered more often than the national average of 51.2%**. Those states were:

- Hawaii (90.6%)
- Oklahoma (58.5%)
- Maryland (57.3%)
- Rhode Island (57.2%)
- New Jersey (56.8%)
- Pennsylvania (56.3%)
- New York (56.1%)
- Illinois (55.8%)
- California (55%)

# Industry Comparisons

To identify the industries offering the most comprehensive employee benefits, a study analyzed data from 16 different industries, ranking them across 20 different perks.

Industries were scored based on the percentage of businesses offering each benefit, with higher scores awarded for offering more benefits or ranking highly in key areas, with a maximum possible score of 100.



The finance/insurance industry had the highest score of 92.33 out of 100. This industry had high scores for all 20 benefit categories, and ranked first or second in 14 of the 20 categories. Other notable industries include utilities with a score of 85.87, information scoring a 79.98, professional/scientific/technology with a 74.68, and manufacturing with a 67.92.



# Conclusion

To be competitive and retain top talent, small businesses should prioritize specific employee benefits trends. Here's how you can remain ahead of the competition:

- **Invest in Competitive Health Insurance:** With health insurance ranking as the most essential benefit for employees, small businesses should aim to provide group health plans and/or High Deductible Health Plans (HDHPs) combined with Health Savings Accounts (HSAs). Doing strikes the perfect balance between value and affordability.
- **Adopt Flexible Work Schedules:** Remote and hybrid work models continue to drive employee satisfaction rates. These policies tend to also boost productivity, and attract a wide pool of quality candidates.
- **Consider Emerging Benefits:** If you don't already offer them, consider investing in new-age benefits like mental health programs, wellness initiatives, and financial planning tools.
- **Review & Adjust Benefits Annually:** Regularly assessing benefit trends and employee feedback ensures that your benefit offerings are competitive and keep employees satisfied.

By focusing on these techniques small business can maintain a competitive advantage, increase employee happiness, and foster a work environment where employees thrive on a daily basis.

We hope that this information has served you as a useful guide, and provided an in-depth analysis of today's employee benefits market.

# Contact Us


As time passes by, it's important that you continue to stay up to date on the most recent trends, news, and studies pertaining to small businesses and how they approach employee benefits.

To view our entire library of resources, please visit <https://www.group-health-quotes.com/blog/>.

To find answers to the most common benefit-related questions, visit <https://www.group-health-quotes.com/faqs/>.

If you're interested in getting a free quote for group or individual health insurance, visit <https://www.group-health-quotes.com/> and simply enter your ZIP code to get started!



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