

GLOBAL WORKER PROJECT RESEARCH REPORT

FINANCIAL SECURITY AND PAID-LEAVE TRENDS IN A GLOBAL ECONOMY



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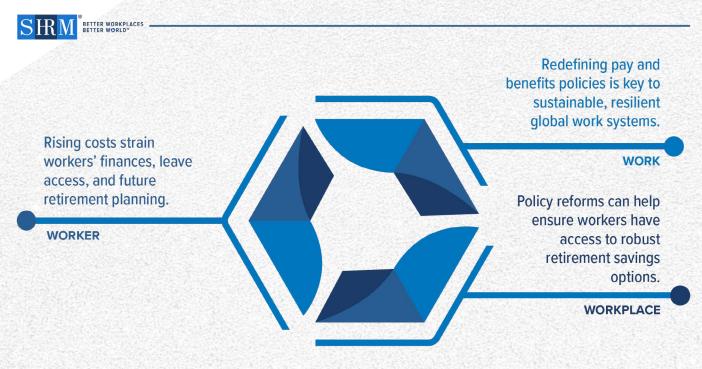
INTRODUCTION

In our interconnected global economy, the dynamics of pay and benefits are continuously evolving. One pressing issue is the rising cost of living, which has made it challenging for individuals to support themselves and their families. More than half of workers globally (54%) reported being unable to keep up financially with rising costs. This burden is intensified by challenges related to paid leave, forcing workers to make tough decisions between immediate needs and long-term financial stability. Additionally, the absence of robust support systems makes saving for retirement a distant goal, leaving many workers financially vulnerable now and in the future. The good news is that global inflation is showing signs of cooling, with International Monetary Fund forecasts predicting global headline inflation will drop from 5.8% in 2024 to 4.3% in 2025, signaling potential relief for workers, businesses, and governments.

Amid these economic pressures, the importance of competitive pay and comprehensive benefits cannot be overstated. Globally, pay and benefits is the top feature workers said is important to them in a job, yet it is also the job feature with the largest gap between importance and satisfaction: 90% of global workers said good pay and benefits are very or extremely important to them in a job, yet only 43% reported being very or extremely satisfied with their current pay and benefits.

Pay often dominates discussions about financial security, but workers also care about access to comprehensive benefits. This report explores two crucial types of benefits: retirement and paid leave. The urgency to save for retirement has grown, with access to robust retirement plans enabling employees to support themselves in later years. Similarly, access to paid leave is a vital safety net, allowing workers to prioritize health and personal needs without fear of income loss and return to work with renewed focus.

To better understand global financial security and paid-leave trends, we explored global workers' financial attitudes and access to key retirement and leave benefits. For policymakers and employers navigating economic challenges, adopting strategic and forward-thinking approaches to pay and benefits is essential to meet the evolving needs of today's workforce.



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EXECUTIVE SUMMARY

- Slobally, workers are struggling to keep up with rising costs. The rising cost of living has left more than half of workers globally (54%) unable to keep up financially.
- Over half of workers globally cannot afford to take unpaid time off from work. Globally, more than half of workers (56%) agreed or strongly agreed that they cannot financially afford to take unpaid time off from work. Many workers globally have access to paid-leave benefits, such as paid vacation and sick leave, through their employer or their country. However, full-time salaried and hourly employees reported greater access to these benefits than part-time employees, temporary employees, and independent workers.
- Paid paternity leave is the least common paid-leave benefit available to the global workforce. While roughly 3 in 4 workers globally reported that they have access to paid vacation leave (75%), paid sick leave (72%), and paid maternity leave (73%) through their employer or their country, only 57% reported having access to paid paternity leave.
- The rising cost of living is eroding the global workforce's ability to save for retirement. Among the 1 in 3 workers globally who were not actively saving for retirement, a majority (68%) indicated that it was because they could not afford to save at the time. This trend is particularly notable among workers struggling with rising costs. Only 55% of workers who said they are unable to keep up financially with the rising cost of living are actively saving for retirement versus 81% of workers who said they are able to keep up with these rising costs.
- ** Knowing where retirement savings will come from significantly boosts global workers' confidence in their retirement outlook. Workers who know what their main source of income will be in retirement were over twice as likely to be confident that they'll have enough money in retirement to meet their basic needs than those who don't know where their main source of retirement income will come from (66% versus 32%, respectively).



WORKERS GLOBALLY GRAPPLE WITH RISING COSTS

Across the world, workers reported facing challenges associated with a lack of financial security amid global inflation.

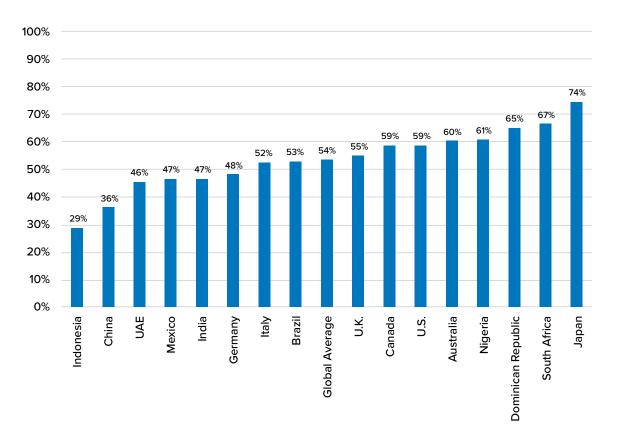
Global Workers Feel Financial Squeeze

Globally, more than half of workers (54%) reported that they are unable to keep up financially with the rising cost of living.

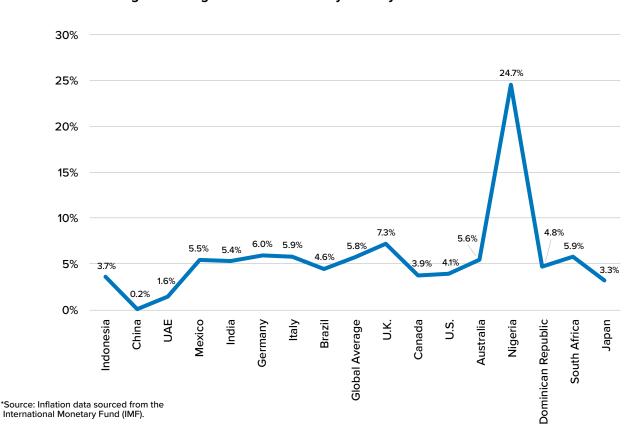


Workers across the globe are struggling with rising costs; the extent of these challenges varies by country. In some cases, workers' perceptions closely correlate with economic data on inflation rates. For example, workers in Indonesia and China, countries that boast low inflation rates relative to the global average, were much less likely than workers in other countries to say they are unable to keep up with the rising cost of living. Similarly, over 3 in 5 workers in Nigeria (61%) reported an inability to keep up financially with rising costs, in line with the country's high inflation rate. However, in other countries, the connection between inflation rates and workers' perceptions were not as clear-cut. For example, in Japan, the high percentage of workers who reported an inability to keep up financially with rising costs contrasts with a relatively low inflation rate, potentially reflecting the tension of Japan's historical challenges related to low economic growth and deflation paired with more recent concerns related to rising costs. These trends suggest that while inflation rates are likely to play a role in workers' perceptions of financial security, other factors are also likely to contribute to workers' perceived ability to keep up with rising costs in their country.

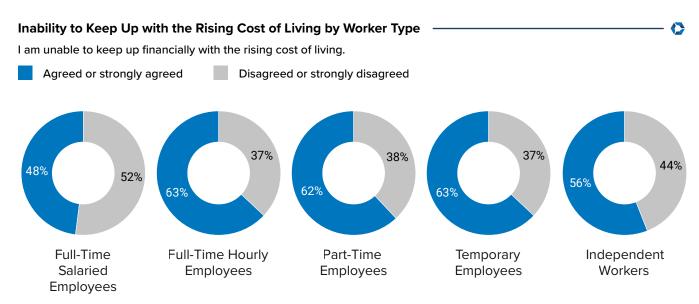
Percentage of workers reporting they cannot keep up financially with the rising cost of living



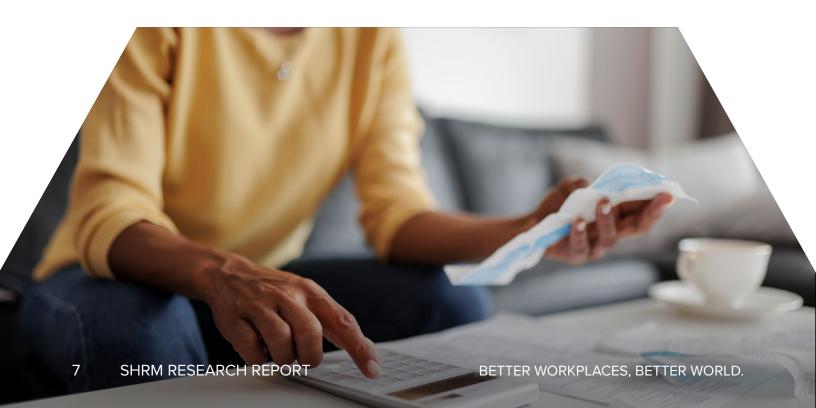




In addition to the role that a country's economic situation plays in workers' ability to keep up with rising costs, it is also important to consider how one's work situation impacts these perceptions. Workers of all types reported struggling to keep up financially with rising costs, but some workers were hit harder than others. About two-thirds of temporary employees (63%), full-time hourly employees (63%), and part-time employees (62%) and over half of independent workers (56%) agreed or strongly agreed that they are unable to keep up with the rising cost of living. Full-time salaried employees were the only group to report a nearly even split in their answers, with just under half (48%) reporting that they are unable to keep up with rising costs.



Like any survey, our study provides a snapshot of a period in time. At the time of the survey, rising cost of living was a significant concern for workers globally. Global headline inflation is trending downward, but the past five years have shown that <u>economic conditions are constantly changing</u>, and it is unclear if inflation will continue slowing down or if financial policies will ease. As such, financial stability and the rising cost of living will likely continue to be a top-of-mind concern for workers for the foreseeable future.



NAVIGATING FINANCIAL STRAIN: THE ROLE OF PAID LEAVE

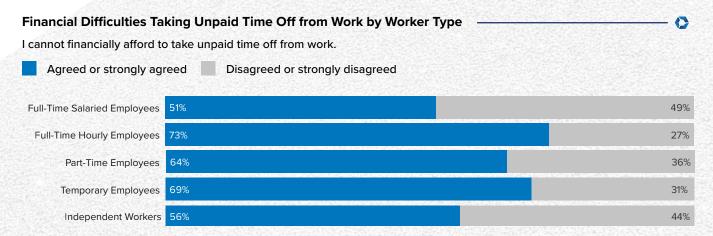
The rising cost of living has left many workers grappling with immediate financial pressures, creating a ripple effect across their overall financial security. When workers are struggling to cover basic expenses, they may be reluctant to take unpaid time off work, even when they urgently need it, because the immediate loss of income could further strain their budgets. Meanwhile, the financial demands of the present often overshadow long-term priorities, such as saving for retirement. This dual challenge underscores the importance of robust benefits such as paid leave and retirement savings plans, which can provide critical support to workers navigating both present hardships and future financial planning.

Workers often need to take leave for a variety of reasons, whether for personal matters, family responsibilities, or health concerns. However, access to paid leave to manage these issues may not be available to all workers, making it difficult for them to balance their personal needs with their work responsibilities. As a result, workers are often forced to choose between handling their personal matters and continuing to work, which can create significant stress. Echoing global workers' financial struggles to keep up with the rising cost of living is the percentage of workers who said they can't financially afford to take unpaid time off from work.

Unpaid Leave Is Unaffordable

More than half of workers globally (56%) reported that they cannot financially afford to take unpaid time off from work.

Over half of workers globally said they cannot financially afford to take unpaid time off from work, and some types of workers were more likely to say this than others. For example, full-time hourly employees (73%), temporary employees (69%), and part-time employees (64%) were more likely to say that they cannot financially afford to take unpaid time off from work than independent workers (56%) and full-time salaried employees (51%).



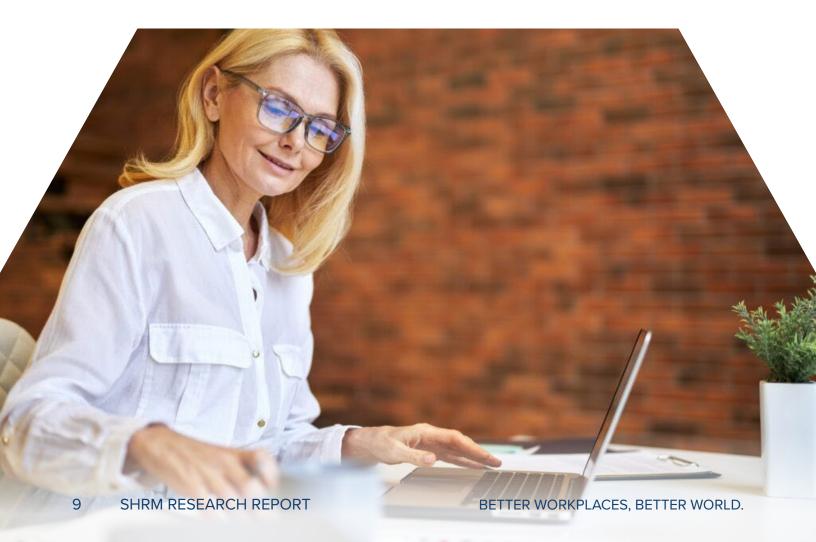
Beyond workers' ability to take unpaid time off from work, workers also vary in their access to paid-leave benefits that can help support their personal and family needs. For example, whereas a majority of full-time salaried and full-time hourly employees have access to various paid-leave benefits through their workplace or a program implemented by their country, part-time employees, temporary employees, and independent workers were less likely to say that this is the case. Across all worker types, paid paternity leave was the least common benefit to which workers said they had access.

Access to Various Paid-Leave Benefits by Worker Type -

Percentage of workers who said they have access to the following benefits through their workplace, a program implemented by their country, or both.

	Full-Time Salaried Employees	Full-Time Hourly Employees	Part-Time Employees	Temporary Employees	Independent Workers
Paid vacation or personal leave	89%	86%	74%	64%	59%
Paid sick leave	87%	78%	68%	63%	57%
Paid maternity leave	87%	77%	64%	56%	61%
Paid paternity leave	68%	61%	48%	45%	46%

Note: Female respondents were asked about maternity leave and male respondents were asked about paternity leave.



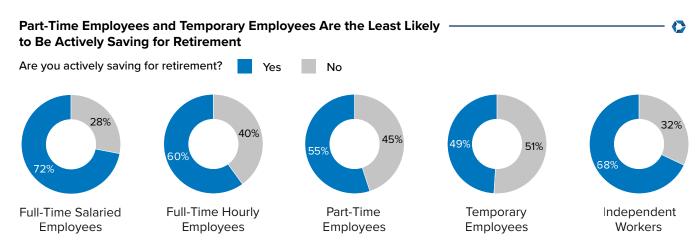
LOOKING AHEAD: GAUGING THE HEALTH OF GLOBAL WORKERS' RETIREMENT SECURITY NET

The rising cost of living creates immediate financial pressures, leaving many workers struggling to manage daily expenses. This situation can create tension for workers, who must choose between meeting present needs and planning for the future, forcing them to make difficult trade-offs that can have lasting consequences. Beyond current financial struggles, workers' inability to keep up financially with the rising cost of living also has a longer-term impact on retirement security. The World Health Organization predicted that 1 in 6 people globally will be over the age of 60 by 2030 and the population of people ages 60 and above will double by 2050. Thus, planning for retirement is becoming increasingly important for the current workforce, but not all workers are feeling equally prepared.

Retirement Confidence Is Lacking

Nearly 2 in 5 workers globally (39%) lack confidence that they will have enough money in retirement to meet their basic needs.

The good news is that 2 in 3 workers globally (67%) are actively saving for retirement. This indicates that many have already taken meaningful steps to begin building a security net for their futures. However, workers of different types were not actively saving for retirement at the same rate. Roughly 7 in 10 full-time salaried employees (72%) and independent workers (68%) were actively saving for retirement, but among full-time hourly employees, part-time employees, and temporary employees, significantly fewer were actively saving (60%, 55%, and 49%, respectively).



In many cases, the types of workers most likely to be saving for retirement were also the most likely to say they have access to retirement benefits (e.g., a pension, a 401k, or similar), whether through the organization where they work or through a program implemented by their country. For example, nearly 4 in 5 full-time salaried employees (79%) said they have access to retirement benefits through the organization where they work or through a program implemented by their country, versus only 73% of full-time hourly employees, 60% of part-time employees, 56% of independent workers, and 50% of temporary employees.

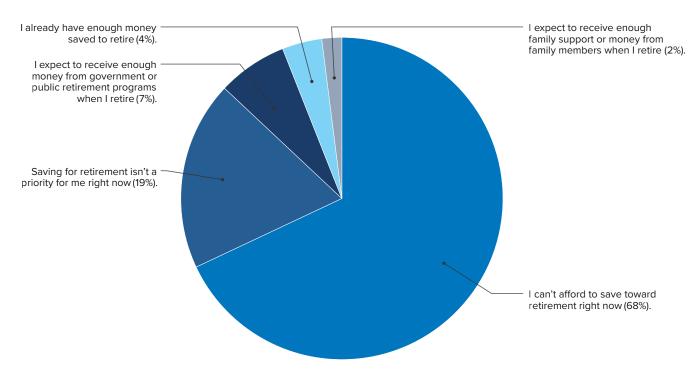
The main exception to this pattern is independent workers. Despite relatively lower access to retirement benefits, a relatively high percentage of independent workers said they are actively saving for retirement. While it is unclear why exactly this might be, it is possible that the absence of an employer-provided safety net could heighten independent workers' awareness of the need to secure their financial future. Without the stability of traditional employment, they may recognize a greater responsibility to actively plan for retirement and achieve long-term financial stability.

TOP REASONS WHY WORKERS GLOBALLY ARE NOT SAVING FOR RETIREMENT

Notably, if 2 in 3 workers globally said they are actively saving for retirement, this also means 1 in 3 are not. Among those that said they are not actively saving, a majority (68%) indicated that it is because they cannot afford to save for retirement right now. This trend is particularly notable among workers struggling with rising costs. Only 55% of workers who said they are currently unable to keep up financially with the rising cost of living are actively saving for retirement, versus 81% of workers who said they're able to keep up with these rising costs, revealing a clear gap between these groups in their preparation for retirement.

Top Reasons Why Workers Are Not Actively Saving for Retirement

Which of the following statements best describes why you're not actively saving for retirement?



Note: Question asked only to those workers who said they are not actively saving.



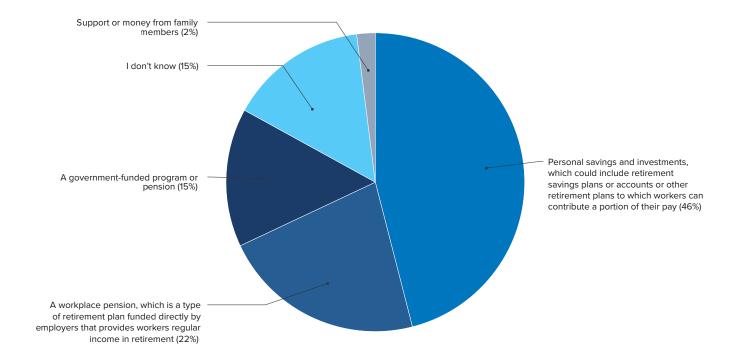
GLOBAL WORKERS' MAIN SOURCE OF RETIREMENT INCOME

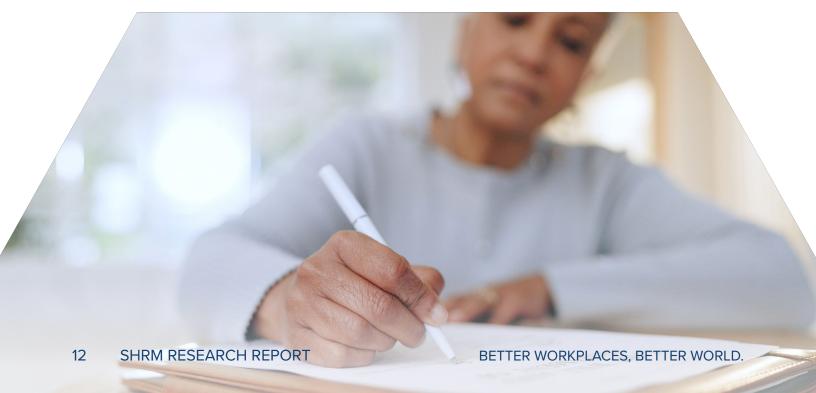
Gaps between workers who are actively saving for retirement and those who are not are also evident in what they expect their main source of income will be when they retire. Nearly half of workers globally (46%) reported that their main source of income in retirement will be personal savings and investments, such as retirement savings plans or accounts or other retirement plans to which workers can contribute a portion of their pay.

Workers' Expectations for Their Main Source of Income in Retirement

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What will be your main source of income when you retire?





Notably, this trend also holds at the country level, with personal savings and investments emerging as the most frequently selected source of anticipated retirement income for workers across 14 of the 16 countries. Only in the U.K. and Australia did more workers or an equal amount of workers select a different source than personal savings and investments. In the U.K., half of workers (50%) indicated they expect a workplace pension (i.e., a retirement plan funded directly by employers that provides workers with regular income in retirement) to be their main source of income. In Australia, workers were split: Nearly 2 in 5 workers (38%) indicated they expect to rely on a government-funded program or pension, while another 38% indicated personal savings and investments will be their main source of retirement income.

Top Anticipated Source of Workers' Retirement Income by Country

What will be your main source of income when you retire?

Country	Top selected source by country	Percentage of workers
India	Personal savings and investments	71%
Nigeria	Personal savings and investments	70%
Indonesia	Personal savings and investments	66%
UAE	Personal savings and investments	51%
U.K.	A workplace pension	50%
China	Personal savings and investments	49%
Brazil	Personal savings and investments	48%
Global Average	Personal savings and investments	46%
South Africa	Personal savings and investments	45%
Mexico	Personal savings and investments	43%
Japan	Personal savings and investments	42%
Dominican Republic	Personal savings and investments	39%
U.S.	Personal savings and investments	39%
Australia	A government-funded program or pension and personal savings and investments (tie)	38%
Canada	Personal savings and investments	37%
Italy	Personal savings and investments	37%
Germany	Personal savings and investments	33%

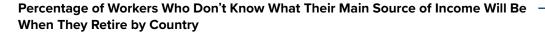
Only 15% of workers globally do not know what their main source of income will be when they retire, but this amount increases to about a third (34%) among those who are not actively saving for retirement.

Income Uncertainty

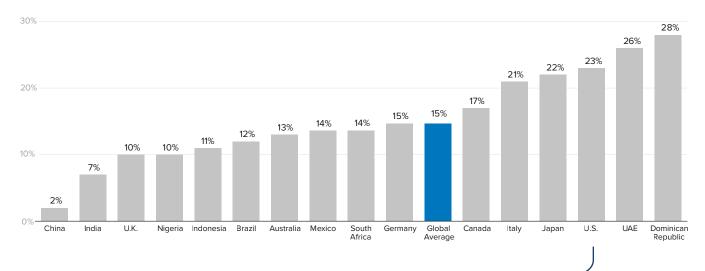
Globally, about 1 in 3 workers who are not actively saving for retirement said they are uncertain about what their main source of income will be once they retire.

Importantly, workers knowing what their main source of income will be in retirement is a major factor impacting their retirement confidence. Workers who know what their main source of income will be in retirement were over two times more likely to be confident that they will have enough money in retirement to meet their basic needs than those who don't know where their main source of income will come from (66% versus 32%, respectively).

Workers in different countries also have different expectations for what their main source of income will be in retirement. For example, workers in the Dominican Republic (28%), the UAE (26%), the U.S. (23%), Japan (22%), and Italy (21%) were significantly more likely than the global average to say they don't know what their main source of income will be when they retire.







SPOTLIGHT ON THE U.S.



In the U.S., 23% of workers reported that they do not know what their main source of income will be when they retire, compared to a global average of 15%. One reason for this higher uncertainty among U.S. workers may be apprehension about the future stability of Social Security, a government-administered program that plays a crucial role in providing financial support to U.S. workers, particularly in retirement. Social Security was never intended to be the sole source of U.S. workers' retirement income, but it serves as a vital element of retirement financial planning for many. The program operates via a system in which payroll taxes from current U.S. workers and employers fund the benefits received by today's retirees. This structure is built on the understanding that current workers will one day receive financial support from future contributors. However, demographic trends, such as increased life expectancy and declining birth rates, are straining this model. Fewer workers are now supporting a growing number of retirees, creating significant financial challenges for the program. In fact, the U.S. Congressional Budget Office projected that, without changes, Social Security's funds could be depleted by 2034. This looming challenge has intensified concerns about the program's long-term viability and heightened uncertainty for U.S. workers as they plan for their retirement.

CONCLUSION

The SHRM Global Worker Project is focused on building a shared, human-centered understanding of the future of the workplace, shedding light on the intricate challenges facing today's workers and the emerging trends shaping tomorrow's workplaces. This study equips employers and policymakers with important information to develop inclusive and effective global policies and practices that recognize and value the unique, diverse needs of the contemporary workforce. By moving beyond a one-size-fits-all definition of a "traditional worker," global leaders can better foster workplaces where workers of all types can thrive.

The findings of this report underscore the significant impact of the rising cost of living and access to benefits such as paid leave and retirement on the financial security and planning of the global workforce. The disparity between the importance of competitive pay and benefits and workers' actual satisfaction signals an urgent need for change. Policymakers and businesses must consider how to close these gaps to promote financial stability and strengthen the economic resilience of the global workforce. Although a projected decline in global inflation provides a measure of optimism, achieving a sustainable future for workers and businesses will depend on proactive efforts to redefine pay and benefits policies.

Want to learn more? Visit SHRM's Global Policy hub page.

METHODOLOGY

SHRM surveyed 16,000 workers across 16 countries (Australia, Brazil, Canada, China, the Dominican Republic, Germany, India, Indonesia, Italy, Japan, Mexico, Nigeria, South Africa, the United Arab Emirates, the United Kingdom, and the United States) via a third-party online panel from Feb. 22 to June 7, 2024. Workers of all types and from a wide variety of industries were sampled. Responses were balanced to ensure representation of workers across age groups and genders. For each country, the survey was translated into the country's official language. In countries where English was the official language, the survey language was localized.





OUR PURPOSE IS TO ELEVATE HR

Our mission is to empower people and workplaces by advancing HR practices and by maximizing human potential. Our vision is to build a world of work that works for all.