Principal Financial Well-Being Index℠

2025 WAVE 1

Exploring key workplace and employment trends, the research provides insights to help employers position their business, their employees, and themselves to achieve greater financial security.

Well-Being Index

Reflecting the overall financial well-being of businesses in the U.S., this score factors in business health, growth, and outlook/optimism. A higher Index score indicates stronger financial footing and greater optimism—signaling a business environment that's more capable of growth, retention, and long-term investment.

"Uncertainty is pulling business owners out of a growth mindset and into stability mode. After months of delays and mixed signals, what this market craves is certainty. Clear, sensible moves on tax and trade policy will give main street the confidence to move forward."

AMY FRIEDRICH
President, Benefits and Protection, Principal®

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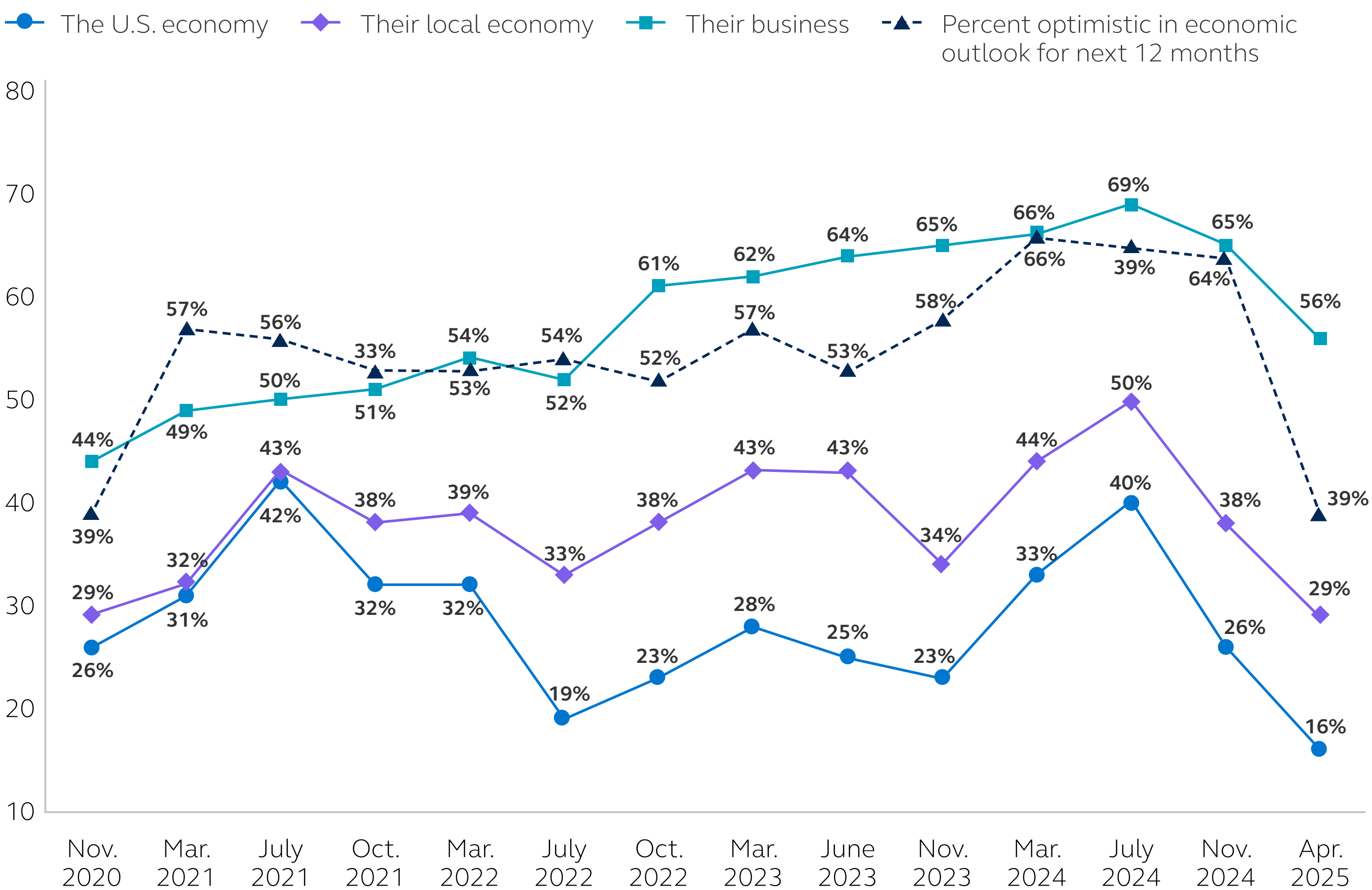
Business financial health

Businesses report significant declines in the financial health of their business, their local economy, and the U.S. economy—eroding the sense of optimism expressed in years past.

Percent of businesses that believe the following are growing



"Despite a drop in business sentiment, small and midsize businesses are holding on to their staff. Such a preference for labor hoarding comes even before the U.S.-China trade truce, indicating that small business layoffs may be even less likely in the months ahead. This should help prevent unemployment from rising significantly this year, which, in turn, lowers recession risk."

SEEMA SHAH

Chief global strategist, Principal Asset Management®

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Business actions and reactions

Despite economic uncertainty, employers remain stable with their staffing strategies.

90%

Businesses that maintained or even increased staff in the past three months.

49%

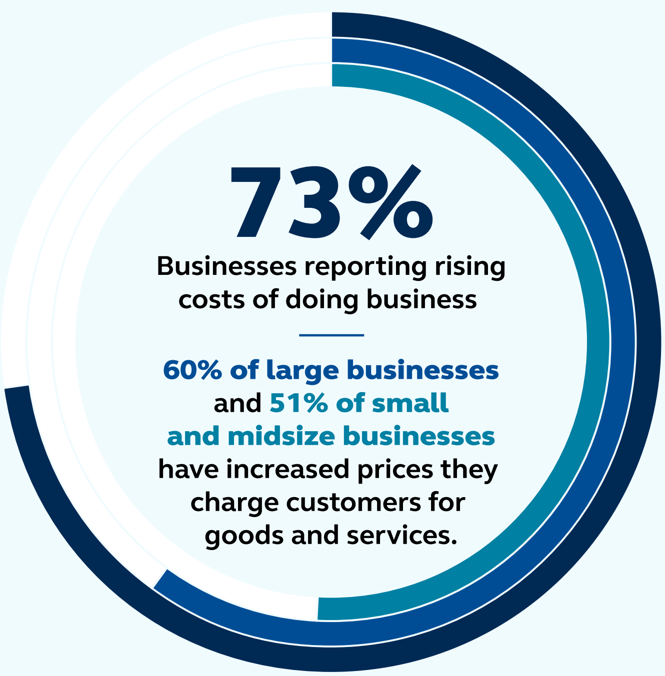
Businesses that increased wages in the past three months.

"We've flattened our hiring but increased benefits to retain quality staff."

Finance/insurance industry respondent with 1,100 employees in New York, NY

While nearly three in four businesses report a spike in the cost of supplies and operating expenses—and 95% of businesses are experiencing supply chain and inventory disruptions—many are doing their best to shield their customers from the impacts.

Business affected by price increases



"Late last year, we started loading up on supplies like lumber, drywall, and paints—while they were still at reasonable prices—so we'd have a large backload of inventory at good prices."

Construction industry respondent with 65 employees in Zanesville, OH

Top business concerns

For the first time ever, the cost of health care rose to the top of the concerns list for employers. And, after nearly three years of steady decline, concern over the potential for a recession jumped nine percentage points to 50%.

58% Cost of health care

56% Economic inflation

55% Stability of the U.S. economy

51% Cost of offering benefits

50% Potential for a recession, stability of global financial system, and market volatility (three-way tie)

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Methodology

The Principal Financial Well-Being Index℠ (WBI) Wave 1 (April 14–25, 2025) is recurring research used to track sentiment around repeated financial health measures and timely issues relevant to businesses.

Business owner, decision maker, and leader participants who represent companies with 2–10,000 employees (n=1,000) provide information by completing a 15-minute online survey. Access to sample is provided by ROI Rocket, a third-party research panel provider.

In 2025, the WBI added a formal index. The index number in the WBI is calculated by taking responses from six perceptual measures evaluating current financial health, financial comparisons year over year, and projections for business and economic outlook. The percentages of respondents who answered positively for each measure are averaged and standardized to a 0–10 scale, with perceptions of business/company, local economic, and U.S. economic growth weighted 60%, 20%, and 20% respectively within their aggregate measure.

Small businesses = 2–499 employees, Large businesses = 500–10,000 employees

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